



**Board of Directors**

Smt. Jaya Varma Sinha	Chairperson, Nominee of Ministry of Railways (MoR)
Shri Vijay Anand	Managing Director
Shri Dinesh Chandra Pandey	Director/ Nominee/ Rail Vikas Nigam Limited
Dr. Meenu Dang	Director/ Nominee/ Rail Vikas Nigam Limited
Shri M. P. Singh	Director/Nominee/ Rail Vikas Nigam Limited
Shri Ajit Kumar Panda	Director/Nominee/ Rail Vikas Nigam Limited
Shri Deepak Arora	Director/ Nominee/ Rail Vikas Nigam Limited
Shri Ajit Singh	Director/ Nominee/ Rail Vikas Nigam Limited
Shri Nandeesh Shukla	Director/ Nominee/ Deendayal Port Trust
Shri Bhagyanath Balakrishnan	Director/ Nominee/ Deendayal Port Trust
Shri Rajendra Vava Prasada Rao Govada	Director/ Nominee/ Deendayal Port Trust
Capt. Unmesh Abhyankar	Director/ Nominee/ Adani Ports and SEZ Limited
Shri Sajal Mittra	Director/ Nominee/ Adani Ports and SEZ Limited
Shri Santosh Kumar	Director/ Nominee/ Govt. of Gujarat

**Company Secretary**

Shri Sanjeev Sharma

**Chief Financial Officer**

Shri Gyanendra Kr. Srivastava

**Statutory Auditors**

M/s RSPH & Associates  
New Delhi

**C & AG Auditor**

Principal Director of Audit  
Railway Commercial, New Delhi

**Bankers**

Punjab National Bank

**Registered Office**

2<sup>nd</sup> Floor, Indra Palace Building  
H-Block, Connaught Circus  
New Delhi – 110 001

**Project Office**

Abhishek Complex-3,  
5/325, 3rd Floor, Havipura, Civil Hospital Road  
Asarwa, Ahmedabad – 380 016

**Control Office**

Area Manager's office  
Western Railway  
Behind Natraj Hotel  
Gandhidham – 370 211



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(C&AG Comments and Management Replies will be  
circulated as available or during the meeting)

## NOTICE

NOTICE is hereby given that the **18th ANNUAL GENERAL MEETING** of the Shareholders of **KUTCH RAILWAY COMPANY LIMITED** will be held on Tuesday, 27th September 2022 at 4.00 PM at the registered office of the Company at 2<sup>nd</sup> Floor, Indra Palace Building, H- Block, Connaught Circus, New Delhi - 110001 and/ or through **Video Conference (“VC”) / Other Audio Visual Means (“OAVM”)** to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the Financial Year ended 31<sup>st</sup> March 2022 together with the Reports of the Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Sajal Mitra (DIN 02625510) who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Mritunjay Pratap Singh (DIN- 08165734) who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Nandeesh Shukla (DIN 08862427) who retires by rotation and being eligible, offers himself for reappointment.
5. To consider fixation of remuneration for the year ending 31<sup>st</sup> March 2023 payable to M/s R S P H & Associates, Chartered Accountants, the Statutory Auditors appointed by Controller & Auditor General of India (C&AG) and to authorise Board of Directors to fix such remuneration for the financial year 2022-23. Pursuant to the provisions of Section 139 of the Companies Act, 2013, the appointment of Statutory Auditors for the year 2022-23 has been made by C&AG. Section 142 of the Companies Act, 2013 provides that the general meeting of the Company is empowered to fix the remuneration in such manner as it may determine.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** the appointment M/s R S P H & Associates, Chartered Accountants, the Statutory Auditors made by Controller & Auditor General of India (C&AG) under Section 139 of the Companies Act, 2013 for the Financial Year 2022-23 vide its letter No. / CA.V/COY/CENTRAL GOVERNMENT, KRLY CO (1)/ 528 dated 30.08.2022 be and is hereby noted and the Board of Directors of the Company be and are hereby authorised to fix the remuneration payable to them as per Section 142 of the Companies Act, 2013.”

### SPECIAL BUSINESS:

6. **To consider and if thought fit, to pass with or without modifications, the following resolution as Special Resolution:**

“**RESOLVED THAT** in accordance with the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and all other applicable provisions if any, including any statutory modifications or re-enactment thereof for the time being in force and subject to such approvals and the limits prescribed under the Companies Act, 2013 the company hereby accords its consent and approval to the extension to Shri Vijay Anand, Managing Director for a further period of two year w.e.f. 21.08.2022. Shri Vijay Anand, Managing Director was appointed as Managing Director of the Company for a initial period of three years w.e.f. 21.08.2019 extendable to five years, on the same terms & conditions as applicable to his initial appointment.

**RESOLVED FURTHER THAT** Shri Vijay Anand shall continue to hold the office of Director, without being subjected to retire by rotation, so far, he continues to be the Managing Director of the Company upto the extended period of Two years w.e.f. 21.08.2022.



## *Kutch Railway Company Limited*

CIN: U45202DL2004PLC124267

**RESOLVED FURTHER THAT** Shri Sanjeev Sharma, Secretary of the Company be and is hereby authorized to file the necessary applications / documents with Ministry of Corporate Affairs under MCA 21 and to do all such acts, deeds, things as may be considered necessary and incidental thereto to.”

**RESOLVED FURTHER THAT** in the event of any statutory amendment, modification or relaxations by the Central Government to the Companies Act, 2013, the Board of Directors of the Company (hereinafter referred to as the 'Board') which term shall be deemed to include any committee which the Board constitute to execute its powers, including powers conferred by this resolution be and is hereby authorized to further vary and / increase the remuneration including salary, perquisites, allowances etc. within such prescribed limits or ceiling and the agreement between Company and Managing Director be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the Company in General Meeting.”

### **BY ORDER OF THE BOARD OF DIRECTORS**

**Registered office:**

**2<sup>nd</sup> Floor, Indra Palace Building  
H-Block, Connaught Circus  
New Delhi – 110001  
2<sup>nd</sup> September 2022**

Sd/-  
**(Sanjeev Sharma)**  
**Company Secretary**  
**M.No. F3640**

**NOTES:**

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has, vide its circular dated May 5, 2022, read together with circulars dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 8, 2021 and December 14, 2021 (collectively referred to as “MCA Circulars”), permitted convening the Annual General Meeting (“AGM” / “Meeting”) through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”), without physical presence of the members at a common venue. In accordance with the MCA Circulars and applicable provisions of the Companies Act, 2013 (“the Act”) read with Rules made thereunder the 18<sup>th</sup> AGM of the Company is being held through VC / OAVM. The deemed venue for the 18<sup>th</sup> AGM shall be the Registered Office of the Company.
2. As per the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. Since the 18<sup>th</sup> AGM is being held through VC as per the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be made available for the 18<sup>th</sup> AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Corporate Members are required send at email id: [info@kutchrail.org](mailto:info@kutchrail.org) a certified copy of the Board resolution authorizing their representative to attend the AGM through VC and vote on their behalf.
4. In line with the MCA Circulars, the notice of the 18<sup>th</sup> AGM along with the Annual Report 2021-22 are being sent only by electronic mode to the Members. Members may please note that this Notice and Annual Report 2021-22 will also be available on the Company’s website at [www.kutchrail.org](http://www.kutchrail.org).
5. Relevant documents referred to in the accompanying Notice are available for inspection electronically by the members at the Registered Office of the Company on all working days except Saturdays and Sundays Between 11.00 AM and 1.00 PM upto the date of the meeting. Members seeking to inspect such documents can send an email to [info@kutchrail.org](mailto:info@kutchrail.org).
6. The members are requested to follow the following instructions in order to participate in the meeting through VC:
  - a) The link to attend the meeting will be send through email separately.
  - b) In case of any queries regarding the Annual Report or the businesses covered under the notice of the meeting, the Members may write to Company Secretary at: [info@kutchrail.org](mailto:info@kutchrail.org) to receive an email response.

- c) In the case of any technical assistance required at the time of meeting w.r.t. joining/accessing/voting at the meeting the members may contact at [info@kutchrail.org](mailto:info@kutchrail.org) or call at 011- 23724141, 23724142, 23724143.

**BY ORDER OF THE BOARD OF DIRECTORS**

**Registered office:  
2<sup>nd</sup> Floor, Indra Palace Building  
H-Block, Connaught Circus  
New Delhi – 110001  
2<sup>nd</sup> September 2022**

Sd/-  
**(Sanjeev Sharma)  
Company Secretary  
M.No. F3640**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 6**

The shareholders of the Company in their 16<sup>th</sup> Annual General Meeting held on 18<sup>th</sup> December 2020 approved the appointment of Shri Vijay Anand as Managing Director of the Company for a period of Three Years extendable to Five Years w.e.f 21.08.2019. The Shareholder in the 16<sup>th</sup> Annual General Meeting held on 18<sup>th</sup> December 2020 also approved the remunerations payable to Shri Vijay Anand, Managing Director of the Company. His initial term of three years expired on 20.08.2022. Based on the progress made by the Company during the period and looking into the effective contribution made by Shri Vijay Anand in the smooth working of the Company the Board of Directors in their 86<sup>th</sup> Board Meeting held on 15<sup>th</sup> December 2022 approved the extension of Shri Vijay Anand, as Managing Director of the Company upto for a further period of Two Years w.e.f 21.08.2022. The remuneration / Salary, allowances, perquisites and other expenses payable to Shri Vijay Anand Managing Director shall remain unchanged during the extended period of two years as approved by the Board and the Shareholders in the 16<sup>th</sup> Annual General Meeting held on 18<sup>th</sup> December 2020. The approval of the extension of the tenure for the term of two years is subject to the approval of the Shareholders in this meeting.

None of the Directors or Key Managerial Personnel of the Company, as their respective relatives except Shri Vijay Anand, himself, is concerned with or interested in the aforesaid resolution.

The Board recommends the Special Resolution set out at item No. 6 of the Notice for approval by the members.

**BY ORDER OF THE BOARD OF DIRECTORS**

**Registered office:  
2<sup>nd</sup> Floor, Indra Palace Building  
H-Block, Connaught Circus  
New Delhi – 110001  
2<sup>nd</sup> September 2022**

Sd/-  
**(Sanjeev Sharma)  
Company Secretary  
M.No. F3640**



## DIRECTORS' REPORT

To  
The Shareholders  
Kutch Railway Company Limited

Your Directors have pleasure in presenting the 18<sup>th</sup> Annual Report on the working of Company together with the Audited Statement of Accounts and the Auditors Report for the financial year ending March 31, 2022. It also has an addendum containing Management replies to the observations made in the Auditor's report.

### FINANCIAL RESULTS

(₹ in lakhs)

	Year 2021-22	Year 20120-21
Income from Operations	143888.14	147386.13
Other Income	1751.60	2550.94
<b>Total Income</b>	<b>145639.74</b>	<b>149937.07</b>
Total expenditure (excluding interest depreciation & taxes)	126728.23	130423.78
Profit/ (Loss) before interest & depreciation	18911.51	27087.86
Less: Financial Cost	2295.46	2326.08
Depreciation	5443.29	3695.21
Total for tax Exp	1711.29	(1435.10)
Profit / (Loss) after tax	13743.75	22501.67
Other Comprehensive Income	6.15	4.50
<b>Total Comprehensive Income</b>	<b>13737.60</b>	<b>22506.17</b>
Profit /(Loss) brought forward from earlier year	135926.94	136806.46
Profit Available for appropriation	168670.71	159312.63
Appropriations:		
Interim Dividend	2000.00	1000.00
Dividend	0.00	2500.00
Dividend Tax	0.00	0.00
<b>Surplus profit carried to Balance Sheet</b>	<b>166170.71</b>	<b>154933.11</b>

### DIVIDEND

Your directors had declared an interim dividend of 2% in the 89<sup>th</sup> Board Meeting held on 25.03.2022 for the Financial Year 2021-22. To conserve the resources for future prospect and growth of the Company, the Board of Directors does not recommend any final dividend for the Financial Year 2021-22. The Board considers deploying the funds in the ongoing doubling and electrification projects of the Company.

The details of the dividend declared for the last 3 years are as under:

Financial year	Interim Dividend in ₹ per share	Final Dividend ₹ per share	Total dividend in ₹ per share excluding dividend tax	% dividend of the total paid up capital of 250.0 Crs.	Total dividend paid for the year (₹ in Crs)
2018-19	0.00	1.60	1.60	16	40.00
2019-20	0.00	1.00	1.00	10	25.00
2020-21	0.40	0.60	1.00	10	25.00
2021-22	0.20	0.00	0.20	2	5.00*

\* Interim Dividend declared by the Board of Directors in the 89<sup>th</sup> Board Meeting held on 25.03.2022.

## OPERATIONS OF THE COMPANY

Income from freight traffic and operating revenue of your company has increased from Rs.75608.53 lakh in 2020-21 to Rs.83561.98 lakh in 2021-22. However, the Income from operations of your Company has decreased from Rs.147386.13 lakhs in the Financial Year 2020-21 to Rs.143888.14 lakhs in the Financial Year 2021-22. The break-up of the Income from operations is as follow:

(₹ in Lakhs)

Particulars	2020-21	2021-22
Income from Freight Traffic & operating revenue	75608.53	83561.98
Construction contract Revenue	71777.60	60326.16
<b>Total</b>	<b>147977.25</b>	<b>143888.14</b>

During the year 2021-22, a total of 25671 goods trains (23123 loaded & 2548 empty) had run on the section carrying total cargo of 42.57 MT which earned revenue of Rs.83561.98 lakhs as compared to year 2020-21 in which a total of 22511 goods trains (19375 loaded & 3136 empty) had run on the section by carrying total cargo of 36.79 MT which earned revenue of Rs.75608.53 lakhs. The net profit after tax has decreased from Rs. 22506.67 Lakhs in 2020-21 to Rs. 13737.60 Lakhs in 2021-22. The decrease in the net Profit is due to increase in Fuel cost (increase in diesel price) & Crew cost. Thereby increasing the variable cost component of O&M cost. During the F.Y.2021-22, Western Railway has refunded excess O&M cost of Rs.5648.55 lakhs charged in the previous years.

## SANCTION OF TERM LOAN FOR DOUBLING AND ELECTRIFICATION PROJECTS

To meet the part of the finance of the Doubling and electrification projects of the Company a term loan of Rs. 1000.00 Crs is sanctioned from Punjab National Bank and as on 31.03.2022, disbursement of Rs. 938.40 Crs. was availed for the projects of the Company. Due to Covid pandemic and other related factors, the costs of the projects had increased. RVNL the executing agency implementing the Doubling and Electrification of the Palanpur - Samakhiali – 247.73 KM section of the Company had submitted the Revised Estimate of the Palanpur - Samakhiali Doubling Project Rs. 2867.16 crores (Gross). The revised cost of Rs. 2867.16 crores (Gross) is approved by KRC Board in its 88<sup>th</sup> meeting held on 25<sup>th</sup> March 2022. Thus, the revised estimate costs of the ongoing projects are as follow:

The revised estimate cost of the projects as on date are as follow:

Sl. No.	Project	Executing agency	Cost of the project (Rs. In Crs)
1.	Doubling of Palanpur – Samakhiali Section 248 KM	RVNL	2867.16
2.	RE of Palanpur – Samakhiali Section 248	RVNL	755.00*
3.	Single line of the double line between Samakhiali – Gandhidham section measuring 53 KM length	CORE	97.67
	<b>TOTAL</b>		<b>3719.83</b>

\*The revised cost of the project is awaited from RVNL.

As on date, an amount of Rs. 2794.68 Crs has been spent on the projects, which is met through term loan disbursement of Rs. 938.40 Crs from Punjab National Bank and the balance through internal accruals. A further funding of Rs. 867 Crs is required for the completion of the project. Your company is in the processing of arranging these funds through equity contribution by the shareholders and additional term loan from Banks.

## CREDIT RATING

Your Company has adequate liquidity and a strong balance sheet. ICRA Limited has affirmed their credit rating as “[ICRA]A” Stable. The instruments with this rating indicate adequate degree of safety regarding timely servicing of financial obligation. Such instruments are low credit risk.

## DOUBLING OF PALANPUR (EXCLUDING) TO SAMAKHIALI (247 KM)

As on date, 176KM of doubling has been commissioned out of the total of 247 KM of Palanpur- Samakhiali section. The sections commissioned during 2021-22 are:

- Chandisar- Bhildi 31.97 KM



- ii) Palanpur- Chandisar 11.88 KM
- iii) Diyodar – Radhanpur 38.84 KM

The target date for commissioning of the project is December 2022.

The year wise expenditure incurred by the Company on the project is as follow: (₹ in Crores)

Financial Year	Expenditure incurred	Cumulative expenditure
2015-16	55.00	55.00
2016-17	198.07	253.07
2017-18	316.18	569.25
2018-19	447.15	1016.38
2019-20	449.53	1465.93
2020-21	472.40	1938.33
2021-22	346.45	2284.78

**ELECTRIFICATION OF THE SECTION**

Your Company is also executing the electrification of the double line between Palanpur (Excluding) to Samakhiali (247 KM) and UP line between Samakhiali and Gandhidham (53 KM). Rail Vikas Nigam Limited is the executing agency of the project of double line between Palanpur – Samakhiali. (247KM) and the provisional revised estimate cost of project is Rs. 755 Crs. The electrification of the single line between Samakhiali - Gandhidham (53 KM) is being executed by Central Organization for Railway Electrification, Allahabad (CORE). The Cost of this project is approximately Rs. 97.67 Crs.

The electrification of the KRC section is considered important in view of all round electrification being undertaken in Indian Railway and also due to commissioning of Western DFC. Electrification of the KRC section will save fuel costs and improve running speed which will bring down the total fuel bill.

As on date your Company has met the cost of the electrification projects through its internal accruals and partially through term loan taken from Punjab National Bank. The detail of the amount spent on the projects as on 31.03.2022 is as follow: (₹ in Crores)

Sl. Project No.	Executing Agency	Amount Spent 2019-2020	Amount Spent 2020-21	Amount Spent 2021-22	Cumulative Amount spent
1.. Electrification of Double Line between Palanpur – Samakhiali (247.73 KM)	RVNL	118.00	104.83	201.39	424.24
2. Electrification of UP line between Samakhiali and Gandhidham (53 KM)	CORE	27.47	52.55	13.20	93.22

As on date, 197.97 KM of RE has been commissioned out of the total of 247 KM of Palanpur- Samakhiali section. The sections commissioned during 2021-22 are:

- i) Palanpur -Mitha – 80.34 KM
- ii) Mitha – Radhenpur - 11.88 KM

The target date for completion of the, Electrification of Double Line between Palanpur – Samakhiali (247.73 KM) is December 2022 and the target date for completion of RE for the up line between Ganadhidham – Samakhiali executed by CORE is December 2022.

**INDUSTRY SCENARIO & THE PPP MODEL**

Indian Railways are operating in the core sector of the economy. To strengthen, modernise and expand the railway network, the investment requirement is huge. Private sector participation would be required for accelerated construction of fixed rail infrastructure. In the recent past, the Ministry of Railways had initiated several concrete measures to explore the PPP route for improving its infrastructure across the country. Railway Ministry has an ambitious plan for capacity augmentation, up gradation and modernisation of Indian Railways. The port connectivity is an important aspect of vision. In the last few years Development in Railway and Port Infrastructure etc has



been given a tremendous boost. Indian Railways has formed a number of Public Private Participation (PPP) Companies for enhancing port connectivity to accelerate growth of freight traffic through rail to ports.

### **OUTLOOK**

The year 2020-21 saw unprecedented disruption to lives and livelihoods across the world and India was no exception. The COVID-19 pandemic has had a significant impact on nearly all spheres of the Indian economy. The economy declined sharply as the country grappled with the pandemic, however, effective measures taken by the Government of India and the Reserve Bank of India helped the Indian economy to recover. Rapid rollout of vaccines coupled with Government's efforts on stimulating growth improved consumer sentiments. Notwithstanding these encouraging developments, the Covid-19 pandemic is far from over. Railways, besides possessing remarkable resource mobilisation, capabilities and disciplined manpower, have demonstrated agility and ingenuity to cater to completely new requirements that arose in India's fight against COVID-19. It has played a crucial part in maintaining the supply of essential items and helping livelihoods by stepping up the transportation of goods.

### **SHARE CAPITAL**

During the year under review, there was no change in the capital structure of the Company. The Company's issued, subscribed and paid up share capital remained at Rs. 250,00,00,000 comprising of 25,00,00,000 equity shares of Rs. 10/- each.

### **TRANSFER TO RESERVE**

Your Directors have proposed not to transfer any sum to the general reserve.

### **FIXED DEPOSITS**

The Company has not accepted any fixed deposits from the public. Therefore, it is not required to furnish information in respect of outstanding deposits under Non-banking, Non-Financial Companies (Reserve Bank) Directions, 1966 and Companies (Accounts) Rules, 2014.

### **BOARD MEETINGS**

Five (5) Board meetings were held during the financial year ended 31<sup>st</sup> March, 2022. The dates of the meetings are as follow: 1<sup>st</sup> September 2021, 14<sup>th</sup> September 2021, 15<sup>th</sup> December 2021, 28<sup>th</sup> December 2021 and 25<sup>th</sup> March 2022.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company Shri Sajal Mitra, Shri Mritunjay Pratap Singh and Shri Nandeesh Shukla Directors of the Company shall retire by rotation at the ensuing Annual General Meeting. Shri Sajal Mitra, Shri Mritunjay Pratap Singh and Shri Nandeesh Shukla being eligible have offered themselves for reappointment.

Pursuant to the provisions of section 203 of the Companies Act, 2013 Act, the key managerial personnel of the Company are – Shri Vijay Anand, Managing Director, Shri Gyanendra Kr, Srivastava, Chief Financial Officer and Shri Sanjeev Sharma, Company Secretary.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than the expenses incurred by them for the purpose of attending meetings of the Company. During the year Shri Sushant Kr. Mishra, Dr. Rajendra Kr. Malik and Shri Joginder Singh Mahrok vacated the office of Directorship of the Company. Your Board places on record its deep appreciation for the valuable services and contributions made by them during their tenure as Director of the Company.

### **INDEPENDENT DIRECTORS**

The management is of the view that the Company is a Joint Venture therefore, in terms of the provisions of Section 149(4) & 149(5) of the Companies Act, 2013 read with rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, company is not required to appoint Independent Directors.

### **AUDIT COMMITTEE**

The Board of Directors of the company considers that in view of the notification dated 13<sup>th</sup> July, 2017, amendment in Companies (Meeting of the Board and its Powers) Rules 2014 by Ministry of Corporate Affairs, the Company is not required to constitute an Audit Committee of the Directors. Therefore, Board of Directors of the Company in its meeting held on 18<sup>th</sup> August 2017 disbanded the Audit Committee.



#### **NOMINATION AND REMUNERATION COMMITTEE**

The nominations and Remuneration Committee of the Board was disbanded by the Board in its meeting held on 18<sup>th</sup> August 2017. The Board of the company considers that in view of the notification dated 13<sup>th</sup> July, 2017, amendment in Companies (Meeting of the Board and its Powers) Rules 2014 by Ministry of Corporate Affairs the Company is not required to constitute a Nomination and remuneration committee.

#### **DIRECTOR'S RESPONSIBILITY STATEMENT**

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory, and Secretarial Auditors, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2021-22.

Accordingly, pursuant to Sections 134(3)(c) and 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that for the year ended March 31, 2021:

- i) That in the preparation of the annual accounts, all the applicable accounting standards have been followed and there has been no material departure.
- ii) That such accounting policies were selected and applied consistently and such judgments and estimates were made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the period ended on 31<sup>st</sup> March 2022.
- iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Annual Accounts have been prepared on a going concern basis.

#### **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The company has no subsidiaries or associate Companies. The Company also does not have any joint ventures.

#### **EXTRACTS OF ANNUAL RETURN**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2022 is available on the Company's website at [www.kutchrail.org](http://www.kutchrail.org).

#### **AUDITORS**

M/s RSPH & Associates, Chartered Accountants were appointed by the C&AG as Statutory Auditors of the Company for the year 2021-22.

#### **AUDITORS OBSERVATIONS**

The remarks on the observations of the Statutory Auditors for the period under review with management remarks are placed at Annexure A and appropriate disclosures in regard thereof are contained in the accounting policies and notes on accounts forming integral part of the Accounts.

#### **SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT**

Pursuant to section 204 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your company had appointed M/s Vinod Kumar & Co., Practicing Company Secretaries, Delhi as its Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year 2021-22. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the Financial Year 2021-22 is annexed to this report as Annexure – B.

#### **DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED IMPACTING THE COMPANY'S OPERATIONS**

There are no significant material orders passed by the regulator/ courts which would impact the going concern status of the Company and its future operations.

#### **INTERNAL FINANCIAL CONTROL SYSTEMS**

The Company has an established system of internal Financial Control to ensure that all assets are safeguarded and protected against losses that may arise from unauthorized / incorrect use.

Further, it strives to ensure that all transactions are evaluated, authorised, recorded and reported accurately. The internal control system is designed to adequately ensure that financial and other records maintained are accurate and are reliable for preparing financial information and other data. The internal control procedures are augmented by an internal and external audit and periodic review by the management.

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**PARTICULARS OF LOANS GIVEN, INVESTMENT MADE, GUARANTEE GIVEN AND SECURITIES PROVIDED**

During the year under review, the company has not given any loan or has made investment or has given guarantees under section 186 of the companies Act, 2013.

**CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are not applicable to the Company.

**RISK MANAGEMENT**

Your Board is of the opinion that, there are no elements of risk which may threaten the existence of the Company hence it was not required to implement a risk management.

**CORPORATE GOVERNANCE**

The Company will continue to uphold the true spirit of Corporate Governance and implement the best governance practices. It lays emphasis on transparency, accountability and professional management.

**CORPORATE SOCIAL RESPONSIBILITY**

The Company has a duly constituted CSR Committee, which is responsible for fulfilling the CSR Objectives of the Company. As on March 2022, the Committee comprised Shri Vijay Anand, Managing Director, Shri Sajal Mitra and Shri Dinesh Chandra Pandey Directors as its members.

The Company is committed to conduct its business in a socially responsible, ethical and environmental friendly manner and to continuously work towards improving quality of life of the communities. The Company has in place CSR Policy with lays down the philosophy and approach towards CSR commitment. The Annual Report on the CSR initiatives undertaken by the Company as per the Companies (Corporate Social Responsibilities Policy) Rules, 2014 is annexed as Annexure-C.

**REPORTING UNDER THE SECTION 21 OF THE SEXUAL HARASSEMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The following is a summary of sexual harassment complaints received and disposed off during the calendar year.

Number of Complaints received :	NIL
Number of Complaints disposed off :	NIL
Closing balance of the complaints:	NIL

**MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

No material change and commitment affecting the financial position of the Company have occurred between the financial year ended on 31<sup>st</sup> March 2021 and the date of the report.

**CONTINGENT LIABILITY OF SERVICE TAX**

A show cause notice issued to the Company by Director General of Central Excise Intelligence (DGCEI), raising a demand of Rs. 213.59 Crores relating to financial years 2009-10 to 2013-14. The reply to the show cause notice was given on 06.01.2015 and personal hearing before Principal Commissioner was held on 21.09.2015. No further communication has been received from DGCEI on the matter. Further for the year 2014-15 a demand notice for Rs. 82.07 Crores has also been received from Principal Commissioner of Service Tax, Delhi – I for which reply has been given on 24.05.2016. No further communication is received from DGCEI.

M/s Baruch Dahej Railway Company Limited and M/s Krishnapatnam Railway Company Limited had also received the similar Show Cause notices. These companies had also filled their replies to the show cause notices. After considering the detailed reply and subsequent personal hearing, the respective Adjudicating Authorities had dropped the demand of service tax for M/s Baruch Dahej Railway Company Limited and M/s Krishnapatnam Railway Company Limited. KRC had intimated vide letter dated 17.02.2016 to the Adjudicating Authority to consider the above orders, while finalising the Order in the Show Cause Notice issued to Kutch Railway Company Limited. The order of the Adjudicating Authority is awaited. No further communication is received from DGCEI.

During the year 2017-18 a Show Cause notice was received from the department for the periods 2015-16, 2016-17 and 2017-18 (upto 30.06.2017) to which the reply was submitted to the department on 18.05.2018. No further query is received from DGCEI.



## *Kutch Railway Company Limited*

CIN: U45202DL2004PLC124267

Your Directors had thoroughly examined the matter and obtained suitable legal and expert advice and accordingly perusing the matter appropriately with the DGCEI.

### **APPLICABILITY OF GST**

During the 2017-18 Goods and Service Tax (GST) has subsumed the service tax with effect from 1st July 2017. The Company is of the view that no supply is involved by the Company to Railways and visa-versa in sharing of freight revenue & cost by Railways with the Company. Therefore, there are no GST obligations on the Company in respect to sharing of the freight revenue & cost by Railways with the Company including furnishing of the particulars/details for the same. The Company has sought exemption/clarification from GST Council through MoR for GST on transactions with Railways. Your Company is of opinion that GST is not applicable on Freight sharing revenue and O& M cost to WR. The Ministry of Railways (MoR) has taken up the issue with Finance Ministry for issuing clarification/exemption. Further the provision of TDS has been introduced under GST with effect from 1.10.2018 vide notification no. 50/2018-Central Tax dated 13/09/2018. The Company is in consultation with other SPVs on the applicability of these provisions. MoR on 10.06.2022 had written to General Manger/ All Indian Railways stating that the issue of Applicability of GST on apportioned revenue of SPV and O&M Cost for SPVs is pending with Ministry of Finance, hence, no suo-moto action should be initiated by Zonal Railways in the context for levy of GST on the apportioned Earnings of the SPVs and O&M cost till any final decision from Ministry of Finance is received.

### **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION**

The information pertaining to conservation of energy, technology absorption, foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 shall be treated as NIL as the Company is presently neither energy intensive nor technology intensive.

### **FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.**

The Company has neither earned nor spent any foreign exchange during the period under review.

### **PARTICULARS OF EMPLOYEES**

The statement containing particulars of employees as required under section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

### **STATEMENT OF ASSOCIATION**

Kutch Railway Company Limited is a joint venture special purpose vehicle. Rail Vikas Nigam Limited, Adani Ports & SEZ Limited, Deendayal Port Trust and Government of Gujarat being shareholders and are the associates as they holds 50%, 20%, 26% and 4% respectively of the paid up share capital of the Company.

### **ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENT**

The Company has in place adequate internal financial controls with reference to financial Statement during the year under review, such controls were tested and no reportable material weakness in the design or operation were observed.

### **ACKNOWLEDGEMENT**

Your Directors place on record their appreciation of the assistance, active support and guidance received from Ministry of Railways, Western Railways Head office at Mumbai & its Ahmedabad Division, Rail Vikas Nigam Limited, Government of Gujarat, Deendayal Port Trust and Adani Ports and SEZ Limited. Your Directors also acknowledge the valuable co-operation and support from all the nationalised banks with whom the Company had dealings. Your Directors also acknowledge their deep appreciation for the unstinted support and contribution made by the management and employees in the working of the Company to achieve the performance during the year under review and the Board look forward to the same in the time ahead.

### **For and on behalf of the Board of Directors**

Sd/-

**(Vijay Anand)**  
Managing Director  
DIN 01874842

Sd/-

**(Dinesh Chandra Pandey)**  
Director  
DIN : 06484402

**Place: New Delhi**  
**Date : 02.09.2022**

**ANNEXURE A****Annexure to Director's Report 2021-22...**

<b>S. No.</b>	<b>Ref. No. of Audit Report</b>	<b>Extracts from Auditors' Report 2021-22</b>	<b>Management reply</b>
1.	Main Audit Report (i)	Note 46 of the Financial Statements, the project of Gauge Conversion work completed by Western Railway in earlier years had been duly capitalized under different heads of Property, Plant and Equipment and intangible assets on the basis of advices received from Western Railway on year to year basis which is subject to verification and reconciliation with Western Railway. Overall impact of the matter and the consequential effects on Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 <sup>st</sup> March, 2022, Retained Earnings as at 31 <sup>st</sup> March, 2022 and on Property, Plant and Equipment and intangible assets as at 31 <sup>st</sup> March, 2022 are not ascertainable and cannot be commented upon.	As per letter dt. 14.08.2020 received from the Western Railway (WR), intimating about deletion on GC Project assets amounting Rs. 60,38,016/- during FY 2019-20. The Company had also supplied material to WR amounting to Rs. 11997.00 lakhs during Gauge Conversion (GC) Project and balance to WR amounting to Rs. 442.18 lakhs is outstanding as on 31.03.2022. With regard to finalization of construction accounts, the matter has been raised at various administrative levels in Western Railway and the matter is being further pursued.
2.	Main Audit Report (ii)	Note 46- in earlier years, the Company had supplied material to Western Railway to the tune of Rs.11,997.00 Lakhs for completion of project of Gauge Conversion work which was capitalized under other intangible assets. The amount is subject to verification and reconciliation with Western Railway. Overall impact of the matter and the consequential effects on Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 <sup>st</sup> March, 2022, Retained Earnings as at 31 <sup>st</sup> March, 2022 and on trade payables as at 31 <sup>st</sup> March, 2022 are not ascertainable and cannot be commented upon.	
3.	Main Audit Report	Note No. 5.2 of the Financial Statements, the capitalization during the year of Rs. 55,907.22 Lakhs in the other intangible assets "Freight Sharing Right" are accounted for in the year of advice by executive agency and accounted with the value as advised by CORE/RVNL, based on the estimated project expenditure. It constitutes a departure from the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 which requires capitalization of actual expenditure when the freight sharing	Executive agency generally, provides the detail of addition/ deletion in intangible asset for a particular year before the closure of final accounts of the Company. However, in some cases some of the details of Fixed Assets are provided by the executive agency after the closure of final accounts of the Company. In these cases, these amounts are accounted for in the year of advice by the executive agency.



S. No.	Ref. No. of Audit Report	Extracts from Auditors' Report	Management reply
		right is received i.e. the asset is ready to use. Overall impact of the matter and the consequential effects on Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 <sup>st</sup> March, 2022, Retained Earnings as at 31 <sup>st</sup> March, 2022 and on other intangible assets as at 31 <sup>st</sup> March, 2022 are not ascertainable and cannot be commented upon.	
4.	Main Audit Report	Note No. 40 of the Financial Statements, advances for various project expenditure to western railway and payables to western railway are subject to confirmation, reconciliation and consequential adjustments, if any. Overall impact of the matter and the consequential effects on Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 <sup>st</sup> March, 2022, Retained Earnings as at 31 <sup>st</sup> March, 2022, on trade payables as at 31 <sup>st</sup> March, 2022 and other non-current assets as at 31 <sup>st</sup> March, 2022 are not ascertainable and cannot be commented upon.	Letters were sent for Confirmation of Accounts to all parties shown as receivables / payables stating therein that if no confirmation is received within 30 days, it will be presumed that the respective party has accepted the copy of account. Confirmation has been received from most of the parties. Further, the details of account of Western Railway, which forms a major part of KRC account, have been received which has been accounted for in the Books of Accounts of the Company.
5.	Main Audit Report	Note No. 55 of the Financial Statements, expenses incurred by Rail Vikas Nigam Limited on behalf of the Company on Samakhiali-Palanpur doubling projects are being accounted for based on advice of Rail Vikas Nigam Limited without verification thereof for the year ending 31 <sup>st</sup> March 2022. Any discrepancies pointed out by consultant on verification of the same will be subject to confirmation from Rail Vikas Nigam Limited and adjustment in Books accordingly. Overall impact of the matter and the consequential effects on Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 <sup>st</sup> March, 2022, Retained Earnings as at 31 <sup>st</sup> March, 2022, on trade payables as at 31 <sup>st</sup> March, 2022 and other intangible assets under development as at 31 <sup>st</sup> March, 2022 are not ascertainable and cannot be commented upon.	The work of verification of expenditure incurred by RVNL on behalf of Company is done regularly.

S. No.	Ref. No. of Audit Report	Extracts from Auditors' Report	Management reply
6.	Main Audit Report	The Company has not accounted for the inventory of scrap available with Western Railway in the absence of details of quantity and value from western railway. Further, the Company has recognised amount of Rs.1.81 lakh during the year from sale of scrap on the basis of advice received from western railway but no details are provided with advice regarding period, quantity and value. Overall impact of the matter and the consequential effects on Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 <sup>st</sup> March, 2022, Retained Earnings as at 31 <sup>st</sup> March, 2022 and on Inventory as at 31 <sup>st</sup> March, 2022 are not ascertainable and cannot be commented upon.	The Company has taken the credit for the same during the current year in absence of any other detail provided by WR.
7.	Main Audit Report	Note No. 23.1 of the Financial Statements, the Company has recognized the operational and maintenance cost as the provisional figures advised by the western railways for the share of operational and maintenance cost due to the Company from the operations of the goods train. Operation & Maintenance cost of earlier years in respect of operation of goods trains are accounted for in the year of advice of provisional figure by the Western railway. Further as explained in Note 28 of the Financial Statements, during the F.Y 2021-22, the Company has recognised reversal of Operation & Maintenance cost of Rs. 5,648.55 Lakhs, charged by western railways in earlier years on provisional basis in respect of operation of goods trains and refunded during the year due to the change in the percentage of the general overhead and central overhead, which has been recognised as exceptional item during the year. It constitutes a departure from the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 which requires recognition on income and expenses on accrual basis. Overall	WR, generally, provides the detail of operating revenue for a particular year before the closure of final accounts of the Company. However, in some cases some of these details of operating revenue are provided by WR after the closure of final accounts of the Company. In these cases, these amounts are accounted for in the year of advice by WR.



S. No.	Ref. No. of Audit Report	Extracts from Auditors' Report	Management reply
		impact of the matter and the consequential effects on Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 <sup>st</sup> March, 2022, Retained Earnings as at 31 <sup>st</sup> March, 2022 and on trade payables as at 31 <sup>st</sup> March, 2022 are not ascertainable and cannot be commented upon.	
8.	Main Audit Report	Note No. 21.2 of the Financial Statements, the company has recognized the operating income as per the provisional figures advised by Western Railways for the share of revenue due to the company from the operations of goods trains. Operation revenue of earlier years in respect of operation of goods trains are accounted for in the year of advice of provisional figure by the Western railway. It constitutes a departure from the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 which requires recognition on income and expenses on accrual basis. Overall impact of the matter and the consequential effects on Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 <sup>st</sup> March, 2022, Retained Earnings as at 31 <sup>st</sup> March, 2022 and on trade payables/receivables as at 31 <sup>st</sup> March, 2022 are not ascertainable and cannot be commented upon.	WR, generally, provides the detail of operating revenue for a particular year before the closure of final accounts of the Company. However, in some cases some of these details of operating revenue are provided by WR after the closure of final accounts of the Company. In these cases, these amounts are accounted for in the year of advice by WR.
9.	Emphasis of Matter point (i)	Note 54 of the Financial Statements, which describes the Company's view on applicability of service tax and goods and service tax on sharing of the freight revenue and cost by railway with the Company. Further we draw attention to Note 41(ii) of the Financial Statements, which describes the demands and show cause notices raised by the Director General of Central Excise Intelligence and other departments on applicability of service tax and Goods and Service tax in above case. Ministry of Railways has taken up the issue with Finance Ministry for issuing clarification/exemption. Pending such clarification/exemption, the Company has not taken any provision for the said liabilities. Our opinion is not modified in respect of this matter.	During the financial year 2017-18, Goods and Service Tax (GST) has subsumed the service tax with effect from 1st July 2017. The Company is of the view that no service is involved by the Company to railways and vice-versa in sharing of freight revenue & cost by Railways with the Company. Therefore, there are no GST obligations on the Company in respect to sharing of the freight revenue & cost by Railways with the Company including furnishing of the particulars/details for the same. However, Ministry of Railways has taken up the issue with Finance Ministry for issuing clarification/exemption. Railway Board vide letter no. 2017/Infra/18/2 dated 10.06.2022 to GM/



S. No.	Ref. No. of Audit Report	Extracts from Auditors' Report	Management reply
			All Indian Railways have directed that the issue of applicability of GST on apportioned revenue of SPV and O&M cost for SPV is pending with Ministry of Finance, hence no suo-moto action should be initiated by Zonal Railways in the context for levy of GST till final decision from Ministry of Finance is received.
10.	Emphasis of Matter point (ii)	Note 45 of the financial statements which describes that Western Railway has computed Company's share of apportioned earnings on the basis of 'carried route' instead of 'booked route' from F.Y.2013-14 and Western Railway has deducted amounts on the matter for the F.Ys. from 2010-11 to 2012-13. The Company estimates a liability of Rs. 2,550.00 lakhs which may arise in the subsequent years related to earlier financial years (from 2006-07 to 2008-09) as and when advised by the Western Railway. Pending company's dispute against this method of calculation of apportioned earnings at various levels in Railways, the Company has not provided for the liability in the books. Our opinion is not modified in respect of this matter.	Since the financial year 2013-14, Western Railway has computed Company's share of apportioned earnings on the basis of 'carried route' instead of 'booked route'. The Company has contested against this method of calculation of apportioned earnings at various levels in Railways. The approximate amount of Rs. 2550.00 Lakhs may be deducted by Western Railway on this account for earlier financial years (from 2006-07 to 2008-09).
11.	Emphasis of Matter point (iii)	Note no. 6.2 of the financial statements, which describes that the Western Railway had given the estimate of Rs 2,125.00 lakhs for elimination of 30 unmanned level crossings and expenditure of Rs 1,304.72 Lakhs has been incurred by Western Railway for which company has deposited Rs 1,385.00 lakhs which has been reported under capital advances. As per management, the amount reported as capital advance is recoverable from the Western Railway in terms of Railway notification number 2015/Infra/18/6 dated 23/11/2017 and the Company is not liable to pay any additional amount to the western railway. Accordingly, no liability has been recognised in the books for the balance amount and no impairment provision has been recognised for recoverable amount of Rs.1385.00 Lakhs. Our opinion is not modified in respect of this matter.	For elimination of unmanned level crossings that existed as on 23.11.2011, Railway Board has issued instructions that the cost shall be borne by railways. However, Western Railway is of opinion that the cost shall be borne by SPVs. Accordingly, Company has shown the same as contingent liability with the contention that the same shall be borne by Western Railway



**FORM No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

[Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

CIN :- U45202DL2004PLC124267

NOMINAL CAPITAL :- ₹ 2,500,000,000

To,  
The Members,  
KUTCH RAILWAY COMPANY LIMITED  
SUIT NO. 15-22, 2<sup>nd</sup> FLOOR, INDRA PALACE, H BLOCK, CONNAUGHT CIRCUS  
NEW DELHI-110001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KUTCH RAILWAY COMPANY LIMITED (U45202DL2004PLC124267) (**hereinafter called the Company**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit and the representations made by the Company, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by company for the financial year ended on 31<sup>st</sup> March, 2022 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (**Not Applicable**)
- III. The Depositories Act, 1996 and the regulations and bye-laws framed there under; (**Applicable**)
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. (**Not Applicable**)
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (**Not Applicable**)
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (**Not Applicable**)
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (**Not Applicable**)
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (**Not Applicable**)
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (**Not Applicable**)
  - f. The Securities and Exchange Board of India (Registrar to an issue and share transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (**Not Applicable**)
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (**Not Applicable**) and

- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable)**
  - i. SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. **(Not Applicable)**
- VI. Other laws as are and to the extent applicable to the Company as per the Management representations made by the Company.
- (i) The Employees Provident Funds and Miscellaneous Provision Act, 1952
  - (ii) Insurance Act, 1938
  - (iii) Registration Act 1908
  - (iv) Indian Stamp Act , 1899
  - (v) Applicable Local/ Municipal laws

The Company has complied the Secretarial Standards (SS-1 and SS-2 regarding Board and General Meetings) issued by The Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs during the financial Year under review.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to following observations.

We further report that:

The Board of Directors of the Company is duly constituted.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board/Committee Meetings, agenda and detailed notes on agenda were send at least seven days in advance to the directors for holding the Board Meetings during the year, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During COVID-19 Pandemic, the Board, Committee and Shareholders Meetings were conducted through Video Conferencing and Company has complied the provisions of the Act and General Circulars issued by the Ministry of Corporate Affairs regarding conducting these Meetings through Video conferencing Mode.

We further report there are adequate systems and processes in the company commensurable with the size and operations of the company to monitor and ensure compliances with applicable laws, rules and regulations.

As per the minutes of the meeting duly recorded and signed by the chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that during the Audit period, there are no specific events/ actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards taken place.

This Report is to be read with our letter of even date which is annexed as '**Annexure A**' and Forms an integral part of this report.

**PLACE :- NEW DELHI**  
**DATED:- 02.09.2022**

**FOR VINOD KUMAR & CO.**  
**COMPANY SECRETARIES**  
**UDIN : F005740C000872210**  
**Sd/-**  
**CS VINOD KUMAR ANEJA**  
**(CP 5740 FCS 5740)**



*Kutch Railway Company Limited*

CIN: U45202DL2004PLC124267

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**'Annexure A'**

To,  
The Members,  
KUTCH RAILWAY COMPANY LIMITED  
SUIT NO. 15-22, 2<sup>ND</sup> FLOOR, INDRA PALACE,  
H BLOCK, CONNAUGHT CIRCUS  
NEW DELHI- 110001

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. We further report, that the compliance by the company of applicable financial laws like Direct and Indirect tax laws has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.
5. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
6. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**PLACE :- NEW DELHI**  
**DATED:- 02.09.2022**

**FOR VINOD KUMAR & CO.**  
**COMPANY SECRETARIES**  
**UDIN : F005740C000872210**  
Sd/-  
**CS VINOD KUMAR ANEJA**  
**(CP 5740 FCS 5740)**

**ANNUAL REPORT ON CSR ACTIVITIES**

[Pursuant to section 135 of the Companies Act, 2013 (the Act) &amp; Rules made thereunder]

**1. Brief outline on CSR Policy of the Company**

The company is committed to improving the quality of the lives of the people in the community it serves through long term stakeholder value creation. It pledges to remain a responsible corporate entity mindful of its social responsibilities to all stakeholders, with aim and object to fight, hunger, poverty and malnutrition, promote education, health care, gender equality, rural development and sanitation etc as embodied in Schedule VII of the Companies Act 2013. The company has framed a CSR Policy in compliance with the provisions of the Act, which is available on the Company's website and the weblink for the same is provided in this report.

**2. Composition of CSR Committee**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Shri Vijay Anand	Managing Director	1	1
2.	Shri D. C. Pandey	Director	1	1
3.	Shri Sajal Mitra	Director	1	1

**3. Provide the web link where composition of CSR committee, CSR Policy and CSR projects Approved by the board are disclosed on the Website of the company.**

[www.kutchrail.org](http://www.kutchrail.org)

**4. Provide the details of Impact assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report**

In terms of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, the requirement of conducting an impact assessment of its CSR Projects is not applicable to the Company.

**5. Details of the amount available for set off in pursuance Of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount Required for set off for the financial year, if any**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be set off for the financial year, if any (in Rs.)
N.A.			

**6. Average net profit of the Company as per section 135(5) : Rs. 15344.0 Lakhs**

7. a) a) Two percent of average net profit of the company as Per section 135(5): Rs. 307.00 Lakhs  
 b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years- **N.A.**  
 c) Amount required to be set off for the financial year, if any – **N.A.**  
 d) Total CSR obligation for the financial year (7a+7b-7c) : Rs. 307.00 Lakhs (Current Year)

**8. (a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year (In Rs. in lakhs)	Amount Unspent (in Rs. in lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
10.67	296.33	28.04.2022	NA	NA	NA



# Kutch Railway Company Limited

CIN: U45202DL2004PLC124267

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the project	Item from the list of activities is Schedule VII to the Act	Local area (Yes/No)	Location of the project	Project duration	Amt. allocated for the project (Rs. In Lakhs)	Amt. spent in the current FY year (Rs. In Lakhs)	Amount transferred to Unspent CSR Account as per Section 135(6) (Rs. In Lakhs)	Mode of implementation Direct (Yes/No)	Mode of implementation Through Implementing Agency	
				State	Dist.					Name	CSR Regn. No.
1	Free Coaching classes	Promoting Education	Yes	Gujarat	Bhuj	12 months	8.94	0.00	8.94	Yes	RKYM 00017579
2	Distribution of free ration	Eradication Hunger, Poverty Malnutrition	Yes	Gujarat	Bhuj	12 months	4.50	0.00	4.50	Yes	RKYM 00017579
3.	Mobile Medical Van	Health & Hygiene	Yes	Gujarat	Bhuj	36 month	43.92	0.00	43.92	Yes	RKYM 00017579
4.	Digital Classroom	Promoting Education	Yes	Gujarat	Adipur	3 Months	14.75	7.38	7.38	Yes	DHARA 00001634
5.	Women's health & menstrual hygiene Project	Health & Hygiene	Yes	Gujarat	Gandhi dham	3 Months	4.85	3.29	1.56	Yes	SICAS 00001004
6.	Construction of Computer Centre	Promoting Education	No	Gujarat	Rajkot	12 Months	102.59	0.00	102.59	Yes	SRKA 00002806
7.	Mobile Medical Van	Health & Hygiene	No	Gujarat	Rajkot	36 months	42.92	0.00	42.92	Yes	SRKA 00002806
8.	Mobile Medical Van	Health & Hygiene	No	Gujarat	Ahmedabad	36 Months	42.92	0.00	42.92	Yes	RKM 00002806
9.	Mobile Medical Van	Health & Hygiene	Yes	Gujarat	Adipur	36 Months	41.60	0.00	41.60	Yes	SRSK 00012568
	<b>Total</b>						<b>307.00</b>	<b>10.67</b>	<b>296.33</b>		

RKYM: Ramakrishna Yuvek Mandal

SRKA: Shri Ramakrishna Ashram

SRSK :Sri Ramakrishna Sewa Kendra

RKM: Ramakrishna Math

SICAS: Sulabh International Centre for Action Sociology

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Amount spent for the project (In Rs. In lakhs)	Mode of implementation Direct (Yes/No)	Mode of implementation Through implementing agency	
				State	District			Name	CSR registration number
				NIL					

- (d) Amount spent in administrative overheads: **NIL**  
 (e) Amount spent on Impact Assessment, if applicable: **NA**  
 (f) Total amount spent for the financial year (8b+8c+8d+8e) **Rs. 10.67 Lakhs**  
 (g) Excess amount for setoff, if any: **NA**

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (Rs. In Lakhs)	Amount Transferred to any fund specified under Schedule VII as per section 135 (6), if any	Amount remaining to be spent in succeeding financial years (in Rs.)	
				Name of the Fund	Amount (In Rs.)	Date of Transfer
N.A.						

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s).

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (Rs. In Lakhs)	Amt. spent on the project in the reporting FY Year (Rs. In Lakhs)	Cumulative amt. spent at the end of reporting FY Year (Rs. In Lakhs)	Status of the project --Completed /Ongoing
1.	Promotion of Education*	Promotion of Education	2019-20	25 Months	54.0	0.00	18.08	Ongoing*
2.	To install solar Panel	Ensuring Environment sustainability	2020-21	12 months	44.10	39.10	39.10	Completed
3.	To construct students' hostel	Promoting Education	2020-21	12 Months	56.40	51.40	51.40	Completed
4.	To construct toilet block	Cleanliness, Hygiene	2020-21	12 Months	24.90	19.90	19.90	Completed

\* No progress in the project was made during 2019-20, 2020-21 and 2021-22 as the schools were closed due to Covid pandemic.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: **NIL**

- a) Date of Creation or acquisition of the capital asset(s): **NIL**  
 b) Amount of CSR spent for creation or acquisition of capital asset: **NIL**  
 c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: **NIL**  
 d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital): **nil**

11. Specify the reason(s), if the company has failed to spend two Percent of the average net profit as per section 135(5): **N.A.**

For & on behalf of the Board of Directors

PLACE :- NEW DELHI  
 DATED:- 02.09.2022

Sd/-  
**Gyanendra Kr Srivastav**  
 (Chief Financial Officer)

Sd/-  
**Vijay Anand**  
 Managing Director  
 (DIN : 01874842)



भारतीय लेखापरीक्षा एवं लेखा विभाग  
प्रधान निदेशक लेखापरीक्षा का कार्यालय  
रेलवे वाणिज्यक, नई दिल्ली  
INDIAN AUDIT AND ACCOUNTS DEPARTMENT  
OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT  
RAILWAY-COMMERCIAL, NEW DELHI



4, दीनदयाल उपाध्याय मार्ग, नई दिल्ली 4, Deen Dayal Upadhyaya Marg, New Delhi-110002

संख्या / पी.डी.ए / आर.सी / AA-KRCL/48-35 / 2022-23 / 305

दिनांक : 26.09.2022

सेवा में,

निदेशक,  
कच्छ रेलवे कंपनी लिमिटेड,  
दूसरा फ्लोर, इंद्रा पैलेस, कनाट प्लेस,  
नई दिल्ली

महोदय,

विषय: 31 मार्च 2022 को समाप्त वर्ष के लिए कच्छ रेलवे कंपनी लिमिटेड के वित्तीय विवरणों पर कम्पनी अधिनियम 2013 की धारा 143 (6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखा परीक्षक की टिप्पणियां ।

मैं, कच्छ रेलवे कंपनी लिमिटेड के 31 मार्च 2022 को समाप्त वर्ष के वित्तीय विवरणों पर कम्पनी अधिनियम 2013 की धारा 143 (6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियां अग्रेषित कर रहा हूँ ।

कृपया इस पत्र की संलग्नको सहित प्राप्ति की पावती भेजी जाए ।

संलग्न: यथोपरि ।

भवदीय,  
विक्रम डी. मुखर्जी  
(विक्रम जी. मुखर्जी)  
प्रधान निदेशक (रेलवे वाणिज्यक)





**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF KUTCH RAILWAY COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2022.**

The preparation of financial statements of **KUTCH RAILWAY COMPANY LIMITED** for the period ended 31 March 2022 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 02.09.2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Kutch Railway Company Limited** for the period ended 31 March 2022 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

**A. COMMENTS ON FINANCIAL POSITION**

**Other Non-Current Financial Assets (Note 7) - 501.56 lakh**

**Bank Balances other than Cash and Cash Equivalent (Note 9.2)-4020.41 lakh**

The above amount of Bank Balances other than Cash and Cash Equivalent includes 685 lakh being the term deposit with original and remaining maturity of more than 12 months under the Debt Service Reserve Account (DSRA).

The Company has disclosed these deposits under "Bank Balances other than Cash and Cash Equivalent" instead of "Other Non-Current Financial Assets" in violation of Schedule III (Division II) of the Companies Act, 2013.

This has resulted into understatement of "Other Non-Current Financial Assets" and overstatement of "Bank Balances other than Cash and Cash Equivalent" by ₹ 685 lakh.

Place: New Delhi  
Dated: 26.09.2022

For and on behalf of the  
Comptroller & Auditor General of India

*Vikram D. Murugaraj*  
26.09.2022

**Vikram D. Murugaraj**  
Principal Director of Audit  
Railway Commercial, New Delhi



## INDEPENDENT AUDITOR'S REPORT

**To the Members of  
Kutch Railway Company Limited**

### **Report on the audit of the Financial Statements**

#### **Qualified Opinion**

We have audited the accompanying financial statements of **M/s Kutch Railway Company Limited** ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2022, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2022, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Qualified Opinion**

1. As explained in Note 46 of the Financial Statements, the project of Gauge Conversion work completed by Western Railway in earlier years had been duly capitalized under different heads of Property, Plant and Equipment and intangible assets on the basis of advices received from Western Railway on year to year basis which is subject to verification and reconciliation with Western Railway. Overall impact of the matter and the consequential effects on Statement of Profit and Loss and Other Comprehensive Income for the year ended 31<sup>st</sup> March, 2022, Retained Earnings as at 31<sup>st</sup> March, 2022 and on Property, Plant and Equipment and intangible assets as at 31<sup>st</sup> March, 2022 are not ascertainable and cannot be commented upon.
2. As explained in Note 46 of the Financial Statements, in earlier years, the Company had supplied material to Western Railway to the tune of Rs.11,997.00 Lakhs for completion of project of Gauge Conversion work which was capitalized under other intangible assets. The amount is subject to verification and reconciliation with Western Railway. Overall impact of the matter and the consequential effects on

Statement of Profit and Loss and Other Comprehensive Income for the year ended 31<sup>st</sup> March, 2022, Retained Earnings as at 31<sup>st</sup> March, 2022 and on trade payables as at 31<sup>st</sup> March, 2022 are not ascertainable and cannot be commented upon.

3. As explained in Note No. 5.2 of the Financial Statements, the capitalization during the year of Rs. 55,907.22 Lakhs in the other intangible assets "Freight Sharing Right" are accounted for in the year of advice by western railway and accounted with the value as advised by executing agency, based on the estimated project expenditure. It constitutes a departure from the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 which requires capitalization of actual expenditure when the freight sharing right is received i.e. the asset is ready to use. Overall impact of the matter and the consequential effects on Statement of Profit and Loss and Other Comprehensive Income for the year ended 31<sup>st</sup> March, 2022, Retained Earnings as at 31<sup>st</sup> March, 2022 and on other intangible assets as at 31<sup>st</sup> March, 2022 are not ascertainable and cannot be commented upon.
4. As explained in Note No. 40 of the Financial Statements, advances for various project expenditure to western railway and payables to western railway are subject to confirmation, reconciliation and consequential adjustments, if any. Overall impact of the matter and the consequential effects on Statement of Profit and Loss and Other Comprehensive Income for the year ended 31<sup>st</sup> March, 2022, Retained Earnings as at 31<sup>st</sup> March, 2022, on trade payables as at 31<sup>st</sup> March, 2022 and other non-current assets as at 31<sup>st</sup> March, 2022 are not ascertainable and cannot be commented upon.
5. As explained in Note No. 55 of the Financial Statements, expenses incurred by Rail Vikas Nigam Limited on behalf of the Company on Samakhiali-Palanpur doubling projects are being accounted for based on advice of Rail Vikas Nigam Limited without verification thereof for the year ending 31<sup>st</sup> March 2022. Any discrepancies pointed out by consultant on verification of the same will be subject to confirmation from Rail Vikas Nigam Limited and adjustment in Books accordingly. Overall impact of the matter and the consequential effects on Statement of Profit and Loss and Other Comprehensive Income for the year ended 31<sup>st</sup> March, 2022, Retained Earnings as at 31<sup>st</sup> March, 2022, on trade payables as at 31<sup>st</sup> March, 2022 and other intangible assets under development as at 31<sup>st</sup>

March, 2022 are not ascertainable and cannot be commented upon.

6. The Company has not accounted for the inventory of scrap available with Western Railway in the absence of details of quantity and value from western railway. Further, the Company has recognised amount of Rs.1.81 lakh during the year from sale of scrap on the basis of advice received from western railway but no details are provided with advice regarding period, quantity and value. Overall impact of the matter and the consequential effects on Statement of Profit and Loss and Other Comprehensive Income for the year ended 31<sup>st</sup> March, 2022, Retained Earnings as at 31<sup>st</sup> March, 2022 and on Inventory as at 31<sup>st</sup> March, 2022 are not ascertainable and cannot be commented upon.
7. As explained in Note No. 23.1 of the Financial Statements, the Company has recognized the operational and maintenance cost as the provisional figures advised by the western railways for the share of operational and maintenance cost due to the Company from the operations of the goods train. Operation & Maintenance cost of earlier years in respect of operation of goods trains are accounted for in the year of advice of provisional figure by the Western railway. Further as explained in Note 28 of the Financial Statements, during the F.Y 2021-22, the Company has recognised reversal of Operation & Maintenance cost of Rs. 5,648.55 Lakhs, charged by western railways in earlier years on provisional basis in respect of operation of goods trains and refunded during the year due to the change in the percentage of the general overhead and central overhead, which has been recognised as exceptional item during the year. It constitutes a departure from the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 which requires recognition on income and expenses on accrual basis. Overall impact of the matter and the consequential effects on Statement of Profit and Loss and Other Comprehensive Income for the year ended 31<sup>st</sup> March, 2022, Retained Earnings as at 31<sup>st</sup> March, 2022 and on trade payables as at 31<sup>st</sup> March, 2022 are not ascertainable and cannot be commented upon.
8. As explained in Note No. 21.2 of the Financial Statements, the company has recognized the operating income as per the provisional figures advised by Western Railways for the share of revenue due to the company from the operations of goods trains. Operation revenue of earlier years in respect of operation of goods trains are accounted for in the year of advice of provisional figure by the Western railway. It constitutes a departure from the Indian Accounting Standards prescribed under Section 133

of the Companies Act, 2013 which requires recognition on income and expenses on accrual basis. Overall impact of the matter and the consequential effects on Statement of Profit and Loss and Other Comprehensive Income for the year ended 31<sup>st</sup> March, 2022, Retained Earnings as at 31<sup>st</sup> March, 2022 and on trade payables/receivables as at 31<sup>st</sup> March, 2022 are not ascertainable and cannot be commented upon.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion on the financial statements.

#### **Emphasis of Matters**

1. We draw attention to Note 54 of the Financial Statements, which describes the Company's view on applicability of service tax and goods and service tax on sharing of the freight revenue and cost by railway with the Company. Further we draw attention to Note 41(ii) of the Financial Statements, which describes the demands and show cause notices raised by the Director General of Central Excise Intelligence and other departments on applicability of service tax and Goods and Service tax in above case. Ministry of Railways has taken up the issue with Finance Ministry for issuing clarification/ exemption. Pending such clarification/ exemption, the Company has not taken any provision for the said liabilities. Our opinion is not modified in respect of this matter.
2. We draw attention to Note 45 of the financial statements which describes that Western Railway has computed Company's share of apportioned earnings on the basis of 'carried route' instead of 'booked route' from F.Y.2013-14 and Western Railway has deducted amounts on the matter for the F.Ys. from 2010-11 to 2012-13. The Company estimates a liability of Rs. 2,550.00 lakhs which may arise in the subsequent years related to earlier financial years (from 2006-07 to 2008-09) as and when advised by the Western Railway. Pending company's dispute against this method of calculation of apportioned earnings at various levels in Railways, the Company has not provided for the liability in the books. Our opinion is not modified in respect of this matter.



3. We draw attention to Note no. 6.2 of the financial statements, which describes that the Western Railway had given the estimate of Rs 2,125.00 lakhs for elimination of 30 unmaned level crossings and expenditure of Rs 1,304.72 Lakhs has been incurred by Western Railway for which company has deposited Rs 1,385.00 lakhs which has been reported under capital advances. As per management, the amount reported as capital advance is recoverable from the Western Railway in terms of Railway notification Number 2015/Infra/18/6 dated 23/11/2017 and the Company is not liable to pay any additional amount to the western railway. Accordingly, no liability has been recognised in the books for the balance amount and no impairment provision has been recognised for recoverable amount of Rs.1,385.00 Lakhs.

Our opinion is not modified in respect of this matter.

**Information other than the financial statements and auditor's report thereon**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's and Board of Directors' Responsibilities for the Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the

Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that

are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
- (d) Conclude on the appropriateness of management's and Board of Directors' use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of

most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report.
  - (c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report.
  - (e) On the basis of the written representations received from the directors as on 31 March 2022, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2022 from being appointed as a director in terms of section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".



- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and

- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- (a) The Company has disclosed the impact of pending litigations as at 31<sup>st</sup> March 2022 on its financial position in its financial statements - Refer note no. 41 to the financial statements.

- (b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- (d) (i) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (ii) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause d (i) and d (ii) above contain any material mis-statement.

- (e) The Interim and Final Dividend declared and paid by the Company is in accordance with Section 123 of the Companies Act 2013.

- (C) The Comptroller and Auditor General of India has issued revised directions indicating the areas to be examined in term of Section 143(5) of the Act, the compliance of which is set out in "Annexure - C".

**For RSPH & ASSOCIATES  
(Chartered Accountants)  
FRN No. 003013N**

**Sd/-  
CA TARUN KUMAR BATRA  
Partner  
Membership Number: 094318  
UDIN: 22094318AQRNMS3426**

**Place: New Delhi  
Date: 02.09.2022**

**Annexure A to the Independent Auditors' Report on the financial statements of Kutch Railway Company Limited for the year ended 31<sup>st</sup> March 2022**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March 2022, we report the following:

- (i)(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right-to-use assets.
    - (B) The Company has maintained proper records showing full particulars of intangible assets.
  - (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its property, plant and equipment by which all property, plant and equipment are verified in a phased manner. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.
  - (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued any of its property, plant and equipment (including right of use assets) or intangible assets or both during the year. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Register Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right Of Use Assets) or intangible Assets does not arise.
  - (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and rules made thereunder & therefore question of our commenting on whether the Company has appropriately disclosed the details in its standalone financial statement does not arise.
- (ii) (a) The Company has not accounted for the inventory of scrap available with Western Railway in the absence of details of quantity and value from western railway. Hence, we are unable to comment on the appropriateness of the coverage and procedure of physical verification, and discrepancies of 10% or more in the aggregate for all class of inventory.
    - (b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion, during the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.
    - (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion, during the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.
    - (c) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion, the Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.



# Kutch Railway Company Limited

CIN: U45202DL2004PLC124267

- (d) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.
- (e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us, the Company is not required to maintain cost records which have been specified by the Central Government under sub-section (1) of Section 148 of Companies Act, 2013.
- (vii) (a) According to the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to information and explanations given to us and as per the books of accounts produced before us, there are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess, goods and service tax and other statutory dues which have not been deposited on account of any dispute, except the dispute of service tax as under :-

Name of Statute	Nature of dues	Disputed Amount	Forum where Dispute is pending	Period to which amount relates to
Service Tax	Service Tax on apportioned freight earning	21359 Lakhs	Principle Commissioner of Service Tax, Delhi-I (against show cause notice)	2009-10 to 2013-14
Service Tax	Service Tax on apportioned freight earning	8207 lakhs	Principle Commissioner of Service Tax, Delhi-I (against show cause notice)	2014-15
Service Tax	Service Tax on apportioned freight earning	21166 Lakhs	Principle Commissioner of Service Tax, Delhi-I (against show cause notice)	2015-16, 2016-17 and 2017-18 (Up to June 30, 2017)



- 
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in the repayment of loans or borrowings or in the payment of interest thereon to any lender.
- b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- c. In our opinion and according to the information and explanations given to us by the management. The Company has utilized the monies raised by term Loans (secured Loan) for the purposes for which they were obtained.
- d. According to the information and explanations given to us and on an overall examination of the books of the Company, we report that the Company did not raise any funds for short term basis during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.
- e. According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
- f. According to the information and explanations given to us and procedures performed by us, we report that the Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.
- X. a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- XI. a. Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in the Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit nor have we been informed of any such case by the management.
- b. According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c. As per information and explanation given by the management and/or audit committee there were no whistle blower complaints received by the Company during the year.
- XII. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- XIII. In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.
- XIV. a. Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- b. We have considered the internal audit reports of the Company issued till 31<sup>st</sup> March 2022 furnished to us.



- XV. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- XVI. a. The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- b. The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- c. The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- d. According to the information and explanations provided to us during the course of audit, there are no other Companies part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- XVII. The Company has not incurred any cash losses in the current and in the immediately preceding financial year.
- XVIII. There has been no resignation by the Statutory Auditors during the year. The Statutory Auditors of the Company are appointed by CAG of India therefore there is a change in Statutory Auditors during the year.
- XIX. According to the information and explanations given to us and on the basis of the financial ratios (also refer note 59(xviii) to financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- XX. In respect of other than ongoing projects, the company has transferred unspent amount to a Fund Specified in Schedule VII to the Companies Act, 2013 within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act, except in respect of the following

<b>Financial Year*</b>	<b>Amount unspent on Corporate Social Responsibility activities "other than ongoing Projects" (Rs. in Lakhs)</b>	<b>Amount Transferred to Fund Specified in Schedule VII within 6 months from the end of the Financial Year (Rs. in Lakhs)</b>	<b>Amount Transferred after the due date (Specify the date of Deposit) (Rs. in Lakhs)</b>
(a)	(b)	(c)	(d)
2020-21	569.43	237.07 (on 27.09.2021) 332.36 (on 21.09.2021)	NIL
2021-22	NIL	NA	NA

Unspent Amount of CSR Fund on ongoing Project

Relevant Financial Year	Amount identified for spending on CSR Activities for ongoing Projects (Rs. in Lakhs)	Unspent Amount out of (b) (Rs. in Lakhs)	Amount Transferred to Fund Specified u/s 135(6) (Rs. in Lakhs)	Due date of Transfer to the Account	Actual date of transfer to the specified fund	Number of days of delay, if any.
(a)	(b)	(c)	(d)	(e)	(f)	(g)
2020-21	408.00	143.41	143.41	30.04.2021	25.06.2021	55*
2021-22	307.00	287.40	296.33**	30.04.2022	28.04.2022	

\*As per the Management, the delay of 55 Days was due to unavoidable circumstances.

\*\*Includes Rs. 8.93 lakhs spent on the CSR activities related to the Ongoing Projects for which payment has been made during the F.Y. 2022-23 from the separate CSR Account.

**For RSPH & ASSOCIATES  
(Chartered Accountants)**

**FRN No. 003013N**

**Sd/-**

**CA TARUN KUMAR BATRA**

**Partner**

**Membership Number: - 094318**

**UDIN: 22094318AQRNMS3426**

**Place: New Delhi**

**Date: 02.09.2022**



**Annexure B to the Independent Auditors' report on the financial statements of Kutch Railway company Limited for the year ended 31st March 2022**

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

We have audited the internal financial controls with reference to financial statements of **Kutch Railway Company Limited** ("the Company") as of 31st March 2022 in conjunction with our audit of the financial statements of the Company as at and for the year ended on that date.

**Management's and Board of Directors' Responsibilities for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls with reference to financial statements.

**Meaning of Internal Financial Controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2022:

- As per The Operation and Management agreement executed between the company and Western Railway referring to para 3.1.4 part ii., a survey team for quarterly review was to be formed. No such committee has been formed till date.
- As per the Operation and Management Agreement executed between the Company and Western Railway referring to Para 6.3.2 Western Railway and the Company shall arrange to reconcile the details of traffic before the accounts for the month are closed. The same practice is not followed as reconciliation for income and expenses are pending for the year as income and expenses for previous years are booked during the year.
- No response received for balance confirmations letters send to western railways and no system / mechanism exists to ensure reconciliation of dues with western railways as on 31<sup>st</sup> March 2022, procedure of obtaining balance confirmation at periodical interval needs to be reviewed and strengthened.

These weaknesses could potentially result in the Company recognising revenue without establishing reasonable certainty of accuracy.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, to the best of our information and according to explanations given to us, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31<sup>st</sup> March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the qualification has affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.

**For RSPH & ASSOCIATES  
(Chartered Accountants)  
FRN No. 003013N**

**Sd/-  
CA TARUN KUMAR BATRA  
Partner  
Membership Number: - 094318  
UDIN: 22094318AQRNMS3426**

**Place: New Delhi  
Date: 02.09.2022**



## Kutch Railway Company Limited

CIN: U45202DL2004PLC124267

(Annexure C to the Independent Auditors' report on the financial statements of Kutch Railway Company Limited for the year ended 31st March, 2022)

S. No.	Directions	Our Report
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	All the Accounting Transactions are processed through the Accounting Software "Tally.Erp9" , however some of the calculations considered for the financial statements Like Depreciation on Fixed Assets are calculated on excel sheet and the accounting voucher for the amount so calculated is passed through the accounting software. During the course of verification of these calculations on excel sheet, we have not come across any major calculation mistakes or mistakes identified were rectified.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/ interest etc. made by a lender to the company due to company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company).	These is no such case observed. The company has availed Term Loan Rs. 938.40 Lakhs (Secured) as at 31 <sup>st</sup> March 2022, against the sanctioned amount of Rs 1,00,000.00 Lakhs.
3.	Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from Central/State Govt. or its agencies were properly accounted for/ utilized as per its terms and conditions? List the cases of deviation.	No such funds Received

**For RSPH & ASSOCIATES**  
**(Chartered Accountants)**  
**FRN No. 003013N**

**Sd/-**  
**CA TARUN KUMAR BATRA**  
**Partner**  
**Membership Number: - 094318**  
**UDIN: 22094318AQRNMS3426**

**Place: New Delhi**  
**Date: 02.09.2022**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2022**

(₹ in Lakhs)

Particulars	Note No.	As at	
		31st March 2022	31st March 2021
<b>I. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, Plant and equipment	3	61.30	72.91
(b) Right of Use Assets	4	9.92	71.31
(c) Other Intangible assets	5	111,125.45	60,608.19
(d) Intangible assets under development	6	202,635.09	198,216.16
(e) Financial Assets			
(i) Others	7	501.56	15.15
(f) Deferred Tax Assets(Net)	16	15,979.85	14,987.53
(g) Other non-current assets	8	10,716.94	15,872.87
<b>2 Current assets</b>			
(a) Financial Assets	9		
(i) Cash and cash equivalents	9.1	140.47	0.45
(ii) Bank Balances other than (i) above	9.2	4,020.41	1,386.09
(iii) Others	9.3	2,075.56	0.36
(b) Current Tax Assets (Net)	10	1,109.29	-
(c) Other current assets	11	90.51	7,436.24
			87.25
			1,474.15
<b>Total Assets</b>		<b>348,486.36</b>	<b>291,318.27</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity Share Capital	12	25,000.00	25,000.00
(b) Other Equity.	13	167,550.23	192,550.23
			155,812.63
			180,812.63
<b>2 Liabilities</b>			
<b>(i) Non-current liabilities</b>			
(a) Financial Liabilities	14		
(i) Borrowings	14.1	91,340.28	27,615.16
(ia) Lease Liabilities	14.2	5.93	35.30
(ii) Trade Payable	14.3		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		24,040.24	24,973.86
(b) Provisions	15	188.83	288.44
(c) Other Non-Current Liabilities	17	22,177.75	137,753.03
			23,800.51
			76,713.27
<b>(ii) Current liabilities</b>			
(a) Financial Liabilities	18		
(i) Borrowings	18.1	2,500.00	-
(ia) Lease Liabilities	18.2	28.92	43.39
(ii) Trade Payable	18.3		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		10,586.34	6,514.03
(ii) Other financial liabilities	18.4	2,927.46	25,077.52
(b) Other current liabilities	19	1,731.49	2,036.84
(c) Short Term Provisions	20	408.89	2.35
(d) Current tax Liabilities (Net)10		-	18,183.10
			118.24
			33,792.37
<b>Total Equity and Liabilities</b>		<b>348,486.36</b>	<b>291,318.27</b>
<b>III. See accompanying notes to the financial statements *Restated Refer Note 61</b>	1 to 62		

As per our report of even date attached

For **R S P H & Associates**

Chartered Accountants

FRN: 003013N

Sd/-

**CA Tarun Kumar Batra**

M. No. : 094318

Place: New Delhi

Date: 02.09.2022

For &amp; on behalf of the Board of Directors

Sd/-

**Vijay Anand**

Managing Director

(DIN : 01874842)

Sd/-

**Sanjeev Sharma**

(Company Secretary)

M.No.: F3640

Sd/-

**Dinesh Chandra Pandey**

Director

(DIN : 06484402)

Sd/-

**Gyanendra Kr Srivastav**

(Chief Financial Officer)



**STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2022**

(₹ in Lakhs  
except EPS)

Particulars	Note No.	for the Year ended 31st March, 2022	for the Year ended 31st March, 2021*
<b>I. Revenue :</b>			
Revenue from operations	21	143,888.14	147,386.13
<b>II. Other income</b>	22	1,751.60	2,550.94
<b>III. Total Income (I + II)</b>		<b>145,639.74</b>	<b>149,937.07</b>
<b>IV. Expenses:</b>			
Operating and other Expenses	23	125,089.98	129,630.16
Employee benefits expenses	24	436.67	406.95
Finance Cost	25	2,295.46	2,326.08
Depreciation and amortization expenses	26	5,443.29	3,695.21
Other Expenses	27	1,201.58	386.67
<b>Total Expenses (IV)</b>		<b>134,466.98</b>	<b>136,445.07</b>
<b>V. Profit/loss Before exceptional items and Tax (III - IV)</b>		<b>11,172.76</b>	<b>13,492.00</b>
<b>VI. Exceptional items</b>	28	(4,282.28)	(7,574.57)
<b>VII. Profit/(Loss) before tax (V - VI)</b>		<b>15,455.04</b>	<b>21,066.57</b>
<b>VIII. Tax expense:</b>			
(1) Current tax			
- For the year	29	2,700.31	3,750.01
- For earlier years (net)		-	-
(2) Deferred tax (net)	16	(989.02)	(5,185.11)
<b>Total Tax Expense (VIII)</b>		<b>1,711.29</b>	<b>(1,435.10)</b>
<b>IX Profit/(loss) for the period from continuing operation (VII - VIII)</b>		<b>13,743.75</b>	<b>22,501.67</b>
<b>X Profit/(loss) from discontinued operations</b>		-	-
<b>XI Tax Expense of discontinued operations</b>		-	-
<b>XII Profit/(loss) from discontinued operations (after tax) (X-XI)</b>		-	-
<b>XIII Profit/(loss) for the period (IX+XII)</b>		<b>13,743.75</b>	<b>22,501.67</b>
<b>XIV Other Comprehensive Income</b>			
<b>A. (i) Items that will not be reclassified to profit and loss</b>	30	(9.46)	6.92
<b>(ii) Income Tax relating to Items that will not be reclassified to profit and loss</b>		3.31	(2.42)
<b>B. (i) Items that will be reclassified to profit and loss</b>			
<b>(ii) Income Tax relating to Items that will be reclassified to profit and loss</b>			
<b>XV. Total Comprehensive Income for the period (XIII +XIV) (Comprehensive profit and other comprehensive income for the period)</b>		<b>13,737.60</b>	<b>22,506.17</b>
<b>XVI. Earnings Per Equity Share: (For Continuing Operation)</b>			
(1) Basic (Face Value Rs. 10 Per share)	31	5.50	9.00
(2) Diluted (Face Value Rs. 10 Per share)	31	5.50	9.00
<b>XVII. Earnings Per Equity Share: (For discontinuing Operation)</b>			
(1) Basic (Face Value Rs. 10 Per share)	31	-	-
(2) Diluted (Face Value Rs. 10 Per share)	31	-	-
<b>XVIII. Earnings Per Equity Share: (For discontinued and continuing Operation)</b>			
(1) Basic (Face Value Rs. 10 Per share)	31	5.50	9.00
(2) Diluted (Face Value Rs. 10 Per share)	31	5.50	9.00

See accompanying notes to the financial statements \*Restated Refer Note 61 1 to 62

As per our report of even date attached

For **R S P H & Associates**

Chartered Accountants

FRN: 003013N

Sd/-

**CA Tarun Kumar Batra**

M. No. : 094318

Place: New Delhi

Date: 02.09.2022

For & on behalf of the Board of Directors

Sd/-

**Vijay Anand**

Managing Director

(DIN : 01874842)

Sd/-

**Sanjeev Sharma**

(Company Secretary)

M.No.: F3640

Sd/-

**Dinesh Chandra Pandey**

Director

(DIN : 06484402)

Sd/-

**Gyanendra Kr Srivastav**

(Chief Financial Officer)



**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH 2022**

(₹ in Lakhs)

Particulars	As At 31st March, 2022	As At 31st March, 2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before taxation</b>	15,455.04	21,066.57
<b>Adjustment for :</b>		
Depreciation & amortization expenses	5,443.29	3,695.21
Loss / (Profit) on sale of assets(net)	0.29	1.70
Interest Income	(125.97)	(445.42)
Interest on lease liabilities	6.22	9.67
Unwinding of discount on Security Deposit	(1.06)	(0.95)
Unwinding of Discount on Overhead Cost Payable	2,204.68	2,276.24
Income from reversal of deferred Overhead costs payable	(1,622.76)	(1,622.76)
Rent Expense - reversal of fair value adjustment of security deposit	0.90	0.83
	<b>(1) 21,360.63</b>	<b>24,981.09</b>
<b>Operating Profit before working capital changes</b>		
<b>Adjustment for :</b>		
Decrease / (Increase) in Other Financial current Assets	(18.67)	(0.22)
Decrease / (Increase) in Other Current Assets	(3.27)	(78.17)
Decrease / (Increase) in Other Non current Financial Assets	14.65	(2.70)
Decrease / (Increase) in Other Non Current Assets	(0.30)	(0.10)
(Decrease) / Increase in Trade Payables	934.01	(14,721.35)
(Decrease) / Increase in Other Non Current Liability	-	(0.00)
(Decrease) / Increase in Other Current Financial Liability	4.16	25,018.58
(Decrease) / Increase in Other Non-Current Financial Liability	-	-
(Decrease) / Increase in Other Current Liability	(305.35)	396.13
(Decrease) / Increase in Provisions	(109.07)	44.75
(Decrease) / Increase in Current Provisions	406.54	(33.19)
	<b>(2) 922.70</b>	<b>10,623.73</b>
<b>Cash generated from operation</b>	<b>(1+2) 22,283.33</b>	<b>35,604.82</b>
Income Tax Paid	(3,927.84)	(2,887.91)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(A) 18,355.49</b>	<b>32,716.92</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital Expenditure on PPE, Other Intangible Assets & Intangible under Development (Net of Capital Advances)	(73,617.80)	(71,747.12)
Proceeds from disposal of Assets	(2.19)	0.48
Capital Advances given during the year	-	(2,062.70)
Interest Received	69.44	1,318.97
Investment in Other Current Fixed Deposits	(2,500.00)	-
Decrease / (Increase) in Bank Balance other than those taken to Cash & Cash Equivalent	(2,634.32)	14,612.10
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(B) (78,684.87)</b>	<b>(57,878.27)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest on Term Loan	(3,708.01)	(63.99)
Dividend (including Dividend Distribution Tax) paid	(2,000.00)	(3,500.00)
Principal portion of lease liability	(41.49)	(40.01)
Interest portion of lease liability	(6.22)	(9.67)



# Kutch Railway Company Limited

CIN: U45202DL2004PLC124267

Proceeds from Term Loan from the Bank		66,225.12	27,615.16
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(C)</b>	<b>60,469.40</b>	<b>24,001.49</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENT</b>	<b>(A+B+C)</b>	<b>140.02</b>	<b>(1,159.86)</b>
<b>CASH AND CASH EQUIVALENT (OPENING)</b>	<b>(D)</b>	<b>0.45</b>	<b>1,160.31</b>
Cash Balances		0.09	0.19
Balance with Banks		0.36	160.12
Deposits with original maturity of less than 3 months		-	1,000.00
<b>CASH AND CASH EQUIVALENT (CLOSING)</b>	<b>(E)</b>	<b>140.47</b>	<b>0.45</b>
Cash Balances		0.19	0.09
Balance with Banks		3.28	0.36
Deposits with original maturity of less than 3 months		137.00	-
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENT</b>	<b>(E - D)</b>	<b>140.02</b>	<b>(1,159.86)</b>

\* Restated Refer Note:-61

### Notes:-

1. The Cash Flow Statement has been prepared under the Indirect method as set out in IndAS-7 on "Statement of Cash Flow".

### 2. Reconciliation of Liabilities arising from financing activities (Rs. in Lakhs)

Particulars	Lease Liabilities	Borrowings
<b>Balance at 1st April, 2021</b>	78.69	27,615.16
<b>Cash flows:-</b>		
-Repayment	47.71	-
-Proceeds	-	66,225.12
<b>Non-Cash:-</b>		
- Fair Value	6.22	-
-Additions/Deletions to right of use assets in exchange for increased lease liabilities	-2.35	-
<b>Balance at 31st March, 2022</b>	<b>34.85</b>	<b>93,840.28</b>

(Rs. in Lakhs)

Particulars	Lease Liabilities	Borrowings
<b>Balance at 1st April, 2020</b>		
<b>Restated Balance at 1st April, 2019</b>	118.71	-
<b>Cash flows:-</b>		
-Repayment	49.69	-
-Proceeds	-	27,615.16
<b>Non-Cash:-</b>		
- Fair Value	9.67	-
-Additions to right of use assets in exchange for increased lease liabilities	-	-
<b>Balance at 31st March, 2021</b>	<b>78.69</b>	<b>27,615.16</b>

See accompanying notes to the financial statements 1 to 62 \*Restated Refer Note 61

As per our report of even date attached

For **R S P H & Associates**

Chartered Accountants

FRN: 003013N

Sd/-

**CA Tarun Kumar Batra**

M. No. : 094318

Place: New Delhi

Date: 02.09.2022

For & on behalf of the Board of Directors

Sd/-

**Vijay Anand**

Managing Director

(DIN : 01874842)

Sd/-

**Sanjeev Sharma**

(Company Secretary)

M.No.: F3640

Sd/-

**Dinesh Chandra Pandey**

Director

(DIN : 06484402)

Sd/-

**Gyanendra Kr Srivastav**

(Chief Financial Officer)

**Statement of Changes in equity for the year ended on 31<sup>st</sup> March, 2022****A. Equity share capital** (Rs. in Lakhs)

Particulars	Number of shares in lakhs	Amount
<b>As at April 1, 2020</b>	2,500	25,000
Changes in Equity Share Capital due to prior period errors	-	-
<b>Restated balance at the beginning of the current reporting period</b>	2,500	25,000
Changes in equity share capital during the year		
(a) issue of equity shares capital during the year	-	-
<b>Balance at 31 March 2021</b>	<b>2,500</b>	<b>25,000</b>
Changes in Equity Share Capital due to prior period errors	-	-
<b>Restated balance at the beginning of the current reporting period</b>	2,500	25,000
Changes in equity share capital during the year		
(a) issue of equity shares capital during the year	-	-
<b>Balance at 31st March 2022</b>	<b>2,500</b>	<b>25,000</b>

**B. Other Equity** (Rs. in Lakhs)

Particulars	Reserve and Surplus		Total
	General Reserve	Retained Earnings	
Balance at the beginning of the year	879.52	134,674.79	135,554.31
Changes in accounting policy or prior period errors	-	1,252.15	1,252.15
<b>Restated balance at the beginning of the reporting year</b>	<b>879.52</b>	<b>135,926.94</b>	<b>136,806.46</b>
Profit for the year	-	22,501.67	22,501.67
Other Comprehensive Income for the year (net of income tax)	-	4.50	4.50
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>22,506.17</b>	<b>22,506.17</b>
Dividends	-	(3,500.00)	(3,500.00)
Transfer to retained earning	-	-	-
<b>Balance at 31 March 2021</b>	<b>879.52</b>	<b>154,933.11</b>	<b>155,812.63</b>
<b>Balance at 1 April 2021</b>	879.52	153,452.61	154,332.13
Changes in accounting policy or prior period errors	-	1,480.49	1,480.49
<b>Restated balance at the beginning of the current reporting year</b>	<b>879.52</b>	<b>154,933.11</b>	<b>155,812.63</b>
Profit for the year	-	13,743.75	13,743.75
Other Comprehensive Income for the year (net of income tax)	-	(6.15)	(6.15)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>13,737.60</b>	<b>13,737.60</b>
Dividends	-	(2,000.00)	(2,000.00)
Transfer to retained earning	-	-	-
<b>Balance at 31st March 2022</b>	<b>879.52</b>	<b>166,670.71</b>	<b>167,550.23</b>

As per our report of even date attached

For **R S P H & Associates**  
Chartered Accountants  
FRN: 003013N

Sd/-  
**CA Tarun Kumar Batra**  
M. No. : 094318

Place: New Delhi  
Date: 02.09.2022

For &amp; on behalf of the Board of Directors

Sd/-  
**Vijay Anand**  
Managing Director  
(DIN : 01874842)

Sd/-  
**Sanjeev Sharma**  
(Company Secretary)  
M.No.: F3640

Sd/-  
**Dinesh Chandra Pandey**  
Director  
(DIN : 06484402)

Sd/-  
**Gyanendra Kr Srivastav**  
(Chief Financial Officer)



## **Accounting policies and measurement method**

### **Notes forming part of Financial Statements ended on 31<sup>st</sup> March, 2022**

#### **1 Corporate Information**

Kutch Railway Company Limited (KRC) is a public limited company domiciled and was incorporated in India on January 22, 2004 as a Special purpose Vehicle (SPV) with the objective of the gauge conversion of the existing 301 Km railway line between Gandhidham and Palanpur in Gujarat. The Company is a Joint Venture between Rail Vikas Nigam Limited (RVNL), Mundra Ports & SEZ Ltd, Kandla Port Trust and Govt. of Gujarat. The registered office of the company is located at Suit No. 15 - 22, 2nd Floor, Indra Palace, H- Block, Connaught Circus, New Delhi.

The Company has entered into a Concession Agreement with President of India, through Executive Director (Perspective Planning ) of the Ministry of Railways (MoR), Government of India, Rail Bhawan, New Delhi on November 8, 2005 granting rights to the company for commercial exploitation, development of additional facilities in the project area and right to receive/share earnings of Ministry of Railways of the tariff collected from freight traffic and other charges as per the agreement in relation of the project. It also defines obligation of the company to be performed by it. The agreement is granted for 32 years. The company has also executed a lease deed on the same day with the President of India for the use of leased assets which forms part of the concession agreement and is attached as Schedule -A thereto. Upon expiry, the company is required to hand over the project assets to Ministry of Railways free from all encumbrances whatsoever. Upon transfer the company shall be entitled to receive amount equal to book value of the project assets.

#### **2 Basis of Preparation**

##### **2.1 Statement of Compliance**

The financial statements as at and for the year ended 31 March 2022 have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under section 133 of the Companies Act 2013 as Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

##### **2.2 Basis of Measurement**

(i) The financial statements have been prepared under the historical cost convention and on an accrual basis, except for the following item that have been measured at fair value as required by relevant Ind-AS:

- (a) Defined benefit Plan and other long term employee benefits
- (b) Certain financial assets and liabilities measured at fair value.

##### **(ii) Current vs non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- (i) Expected to be realized or intended to be sold or consumed in normal operating cycle
- (ii) Held primarily for the purpose of trading
- (iii) Expected to be realized within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Company classifies all other assets as non-current.

A liability is current when:

- (i) It is expected to be settled in normal operating cycle
- (ii) It is held primarily for the purpose of trading
- (iii) It is due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### 2.3 Use of estimates and judgment

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of financial statements and the reported amount of income and expenses. Such estimates include estimation of useful life of property, plant and equipment, intangible assets and future obligation under employee benefit plan. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Future results could differ due to changes in these estimates and difference between the actual result and the estimates are recognized in the period in which the results are known /materialize.

### 2.4 Statement of Cash flow

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand, cash at banks, net of outstanding bank overdrafts that are repayable on demand are considered part of the Company's cash management system.

### 2.5 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (i.e. Functional Currency). The financial statements are presented in Indian rupees, which is the functional and presentation currency of the company. All financial information presented in Indian rupees and all values are rounded to the nearest lakhs upto two decimals except where otherwise stated.

### 2.6 Property, plant and equipment

(a) Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

Cost of asset includes the following:

- i. Cost directly attributable to the acquisition of the assets
- ii. Present value of the estimated costs of dismantling & removing the items & restoring the site on which it is located if recognition criteria are met.

(b) Cost of replacement, major inspection, repair of significant parts are capitalized if the recognition criteria are met.

(c) An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of assets. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in statement of profit or loss.

#### Depreciation

(a) Depreciation on Property, plant and Equipment is provided on pro-rata basis on Straight Line Method (SLM) over the useful life of the assets as specified in Schedule II of the Companies Act, 2013.

(b) Each part of an item of Property, Plant and Equipment is depreciated separately if the cost of part is significant in relation to the total cost of the item and useful life of that part is different from the useful life of remaining asset.

The estimated useful life of assets for current and comparative year of significant items of property plant and equipment are as follows:

Particulars	
Nature of Assets	Useful Life (Years)
Plant & Machinery	15
Office Equipments	05
Electronic Data Processing Assets	03
Furniture & Fixtures	10
Vehicles	08



- (c) Depreciation methods, useful lives and residual values are reviewed at each reporting date, with the effect of change in estimate accounted for on a prospective basis.

## **2.7 Intangible Assets**

### **(a) Freight Sharing Right (Railway Line under Service Concession Arrangement :SCA)**

The company recognizes an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition by reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost less accumulated amortization and accumulated impairment losses.

The useful life of an intangible asset in a service concession arrangement is the period from when the company is able to charge the public for the use of the infrastructure to the end of the concession period i.e 32 years.

Freight sharing right is amortised using the straight line method on prorata basis from the date of addition or from the date when the right is brought into service whichever is later, to the expiry of concession period.

Amortisation methods and useful lives are reviewed at each reporting date, with the effect of change in estimate accounted for on a prospective basis.

The carrying value of intangible asset is reviewed for impairment annually or more often if events or changes in circumstances indicate that the carrying value may not be recoverable.

### **(b) Other Than Freight Sharing Right**

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at historical cost less accumulated amortization and impairment loss, if any.

#### **Amortisation**

Intangible Assets other than freight sharing right assets are fully amortised equally over three financial years, from the year in which the asset is available for use.

## **2.8 Intangible Asset Under Development :**

### **Freight sharing right under development**

- i. Indirect expenses incidental to construction of various assets are being apportioned on pro-rata basis to respective assets.
- ii. Deposit Works contracts are accounted for on the basis of statement of accounts received from executing agencies.
- iii. In respect of supply cum erection contracts, the value of supplies received at site and accepted is treated as Intangible assets under development .
- iv. The addition/deletion in the Intangible assets under development (advised by Western Railway) are accounted for in the year of advice by Western Railway.

## **2.9 Revenue Recognition**

### **a) Revenue from Contracts with Customers**

Revenue from contract with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

#### **Revenue from Railway Operation**

The operating income of the company is recognized on point in time at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

#### **Construction Contract Revenue under SCA**

Revenue related to construction or upgrade services under a service concession arrangement is recognized based on the stage of completion of the work performed, when the outcome of construction contract can be measured reliably and where the outcome of construction contract can not be measured reliably , revenue is recognised only to the extent of contract cost incurred that is probable to be recoverable. Performance obligation

is measured by the company on the basis of inputs to the satisfaction of a performance obligation ( i.e. Input Method).

**b) Other Revenue Recognition**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable using Effective Interest rate Method.

Insurance claims are accounted for on receipt basis. Claims other than insurance claims are accounted for only on recognition of such claims by the party on whom such claim is made.

**2.10 Leasing**

- (i) The Company Recognizes a right-of- use asset and a lease liability at the lease commencement date. The right of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date , plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
- (ii) The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use-asset or the end of the lease term. The estimated useful life of the right-to-use asset is determined on the same basis as those of property, plant and equipment. In addition, the right-to-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.
- (iii) The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.
- (iv) The lease liability is measured at amortized cost using the effective interest method, it is remeasured when there is a change in future lease payments from a change in an index or rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right -of-use asset, or is recorded in the profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.
- (v) The Company presents right-of-use asset that do not meet the definition of Investment property separately on the face of the Financial statements under the "Right of Use Assets" and lease liabilities in "other financial liabilities" in the Balance Sheet.
- (vi) Short term Lease and Leases of low value assets.The Company has elected not to recognize right-of-use asset and lease liabilities for short term leases that have lease term of 12 months or less and leases of low value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**As A Lessor**

- (i) When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all the risk and rewards incidental to the ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not then it is an operating lease. As part of the assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.
- (ii) If an arrangement contains lease and non-lease components, the Company applies Ind AS-115 "Revenue from contract with customers" to allocate the consideration in the contract.
- (iii) The Company recognizes lease payments received under operating lease as income on a straight-line basis over the lease term as part of "Other Income".

**2.11 Impairment of non-financial assets**

In accordance with Indian Accounting Standard-36 Impairment of Assets , the carrying amounts of Company's assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated as the higher of the net selling price or the value in use. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.



## **2.12 Employee Benefits**

- (a) Short Term Employee Benefits: The undiscounted amount of short term employee benefits expected to be paid for the services rendered are recognized as an expense during the year when the employees render the services.
- (b) Post-employment benefits & other Long Term Employee Benefits:
  - i. Retirement benefits in the form of provident fund are defined contribution schemes. The contributions to the provident fund are charged to the statement to the Profit and loss for the year when the contributions are due.
  - ii. Under the defined retirement plan, the company provides retirement obligation in the form of Gratuity. For defined retirement plans, the difference between the fair value of plan assets and the present value of plan liabilities is recognized as an assets and liabilities in the statement of financial position. The cost of providing benefit is determined on the basis of actuarial valuation using the projected unit credit method at each year-end and is charged to the Statement of Profit & Loss.
  - iii. Provision for long term Leave Encashment is made based on actuarial valuation at the year end. Actuarial gains or losses in relation to the Leave encashment are recognized in Statement of profit and loss account.
  - iv. Actuarial gains or losses in relation to the Gratuity are recognized in other comprehensive income..
  - v. Re-measurements recognised in other comprehensive income comprise of actuarial gains or losses that are not reclassified to profit or loss from other comprehensive income in subsequent periods. Retirement Benefits Liability in respect of Gratuity and leave encashment is provided on the basis of actuarial valuation.

## **2.13 Taxes**

### **(a) Current income tax**

- i. Current income tax is determined as per the provisions of the Income Tax Act in respect of taxable income for the year.
- ii. Current income tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Liability for additional taxes, if any, is provided / paid as and when assessments are completed.
- iii. Current tax related to OCI Items is recognized in Other Comprehensive Income (OCI).

### **(b) Deferred tax**

- i. Deferred income tax assets and liabilities are recognized for temporary differences which is computed using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.
- ii. Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.
- iii. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.
- iv. Deferred tax related to OCI Item are recognized in Other Comprehensive Income (OCI).
- v. The company has started availing the deduction u/s 80IA of the Income Tax Act, 1961 from the Assessment Year 2013-14, due to which there will be a tax holiday period of 10 years i.e. up to Assessment years 2022-23. Therefore in accordance with Ind AS-12, the deferred tax in respect of timing differences which are likely to be reversed during the tax holiday is not recognised to that extent.

### **(c) Minimum Alternative Tax**

Minimum Alternative Tax credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

## **2.14 Earnings Per Share**

In determining basic earnings per share, the company considers the net profit attributable to equity shareholders. The number of shares used in computing basic earnings per share is the weighted average number of shares



outstanding during the year. In determining diluted earnings per share, the net profit attributable to equity shareholders and weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

#### 2.15 Provisions, Contingent Liabilities and contingent Assets

- (a) Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date. Provisions are reviewed at each Balance Sheet date.

Provision which expected to be settled beyond 12 months are measured at the present value by using pre-tax discount rate that reflects the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.

- (b) Contingent Liabilities are disclosed in either of the following cases:
- i. A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation; or
  - ii. A reliable estimate of the present obligation cannot be made; or
  - iii. A possible obligation, unless the probability of outflow of resource is remote.
- (c) Contingent Liability is net of estimated provisions considering possible outflow on settlement.
- (d) Contingent Liability and Provisions needed against Contingent Liability and Contingent Assets are reviewed at each Reporting date.
- (e) Contingent assets is disclosed where an inflow of economic benefits is probable.

#### 2.16 Fair Value Measurement

Company measures financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

1. Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
2. Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
3. Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

At the reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.



For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The fair value of an intangible asset received as consideration for providing construction services in a service concession arrangement is estimated by reference to the fair value of the construction services provided.

## **2.17 Dividend to equity holders**

Dividend paid/payable shall be recognised in the year in which the related dividends are approved by shareholders or board of directors as appropriates.

## **2.18 Financial instruments:-**

### **(a) Initial recognition and measurement**

Financial Instruments recognized at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

### **(b) Subsequent measurement**

#### **Financial Assets**

Financial assets are classified in following categories:

#### **At Amortised Cost**

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- i. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost using effective interest rate method less impairment if any. The EIR amortisation is included in finance income in the statement of profit and loss.

#### **At Fair Value Through Other Comprehensive Income**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned is recognised using the EIR method.

#### **At Fair Value Through Profit and Loss**

FVTPL is a residual category for financial Assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the company may elect to designate financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. If doing so reduces or eliminates a measurement or recognition inconsistency. The company has not designated any financial asset as at FVTPL.

#### **Financial liabilities**

#### **Financial liabilities at Amortised Cost**

Financial liabilities initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.

#### **Financial liabilities at FVTPL**

The company has not designated any financial liabilities at FVTPL.

**(c) Derecognising**

**Financial Asset**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised only when the contractual rights to the cash flows from the asset expires or it transfers the financial assets and substantially all risks and rewards of the ownership of the asset.

**Financial Liability**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognising of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

**(d) Impairment of financial assets:**

Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applies on whether there has been significant increase in credit risk.

ECL impairment loss allowance (or reversal) recognised during the year is recognised as income/expense in the statement of profit and loss.

**(e) Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet if there is a currently enforceable contractual legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**2.19 Non-current Assets held for Sale**

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale if any are presented separately in the balance sheet.

If the criteria stated by IND AS 105 "Non-current Assets Held for Sale and Discontinued Operations" are no longer met, the disposal group ceases to be classified as held for sale. Non-current asset that ceases to be classified as held for sale are measured at the lower of

- (i) its carrying amount before the asset was classified as held for sale, adjusted for depreciation that would have been recognised had that asset not been classified as held for sale, and
- (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

**2.20 Material Events**

Material events occurring after the Balance Sheet date are taken into cognizance.

**2.21 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets till such time the assets are substantially ready for their intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

**2.22** The accounting policies that are currently not relevant to the company have not been disclosed. When such accounting policies become relevant, the same shall be disclosed.



### **2.23 Standard/Amendments issued but not yet effective**

MCA had issued the Indian Accounting Standards Amendments Rules, 2022 vide notification dated 23rd March 2022. In the Indian Accounting Standards Amendments Rules, 2022, amendments have been made in following standards:-

1. First-time Adoption of Indian Accounting Standards (Ind AS-101):-Annual Improvements to Ind AS (2021), amended paragraph D1(f) and added paragraph D13A. An entity shall apply that amendment for annual reporting periods beginning on or after 1st April, 2022.
2. Business Combinations (Ind AS-103):-To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date
3. Financial Instruments (Ind AS-109):-Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
4. Property, Plant and Equipment (Ind AS-16):-The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract)
5. Provisions, Contingent Liabilities and Contingent Assets (Ind AS-37):-The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract)
6. Agriculture (Ind AS-41):-An entity does not include any cash flows for financing the assets or reestablishing biological assets after harvest (for example, the cost of replanting trees in a plantation forest after harvest)

The effective date of these amendments is annual periods beginning on or after 1st April 2022. The Company is currently evaluating the impact of the amendments and estimated no impact on the financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022

3. Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Vehicle	Plant & Machinery	Furniture & Fixture	Computers	Total
<b><u>At Cost or Deemed Cost</u></b>					
<b><u>At 1st April 2020</u></b>	<b>16.77</b>	<b>9.39</b>	<b>67.60</b>	<b>19.11</b>	<b>112.87</b>
Additions	20.34	6.79	1.52	4.65	33.30
Disposals/Adjustments	-	(1.46)	(1.64)	(1.09)	(4.19)
<b><u>At 31st March 2021</u></b>	<b>37.11</b>	<b>14.72</b>	<b>67.48</b>	<b>22.67</b>	<b>141.98</b>
Additions	-	0.61	0.50	2.26	3.37
Disposals/Adjustments	-	(1.15)	-	-	(1.15)
<b><u>At 31st March 2022</u></b>	<b>37.11</b>	<b>14.18</b>	<b>67.98</b>	<b>24.93</b>	<b>144.19</b>
<b><u>Accumulated Depreciation and impairment</u></b>					
<b><u>At 1st April 2020</u></b>	<b>0.22</b>	<b>6.63</b>	<b>41.87</b>	<b>9.83</b>	<b>58.55</b>
Depreciation charge for the year	1.74	1.74	4.63	4.42	12.53
Impairment	-	-	-	-	-
Disposals/Adjustments	-	(0.44)	(0.61)	(0.96)	(2.01)
<b><u>At 31st March 2021</u></b>	<b>1.96</b>	<b>7.93</b>	<b>45.89</b>	<b>13.29</b>	<b>69.06</b>
Depreciation charge for the year	4.08	2.48	4.69	5.63	16.88
Impairment	-	-	-	-	-
Disposals/Adjustments	-	(3.05)	-	-	(3.05)
<b><u>At 31st March 2022</u></b>	<b>6.04</b>	<b>7.36</b>	<b>50.58</b>	<b>18.92</b>	<b>82.89</b>
<b><u>Net book value</u></b>					
<b><u>At 31st March 2022</u></b>	<b>31.07</b>	<b>6.82</b>	<b>17.40</b>	<b>6.01</b>	<b>61.30</b>
<b><u>At 31st March 2021</u></b>	<b>35.15</b>	<b>6.79</b>	<b>21.59</b>	<b>9.38</b>	<b>72.91</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**4. Right of Use Assets**

(₹ in Lakhs)

<b>Particulars</b>	<b>Buildings</b>	<b>Total</b>
<b><u>At Cost or Deemed Cost</u></b>		
<b><u>At 1st April 2020</u></b>	<b>152.13</b>	<b>152.13</b>
Additions	-	-
Disposals/Adjustments	-	-
<b><u>At 31st March 2021</u></b>	<b>152.13</b>	<b>152.13</b>
Additions	-	-
Disposals/Adjustments	-2.35	-2.35
<b><u>At 31st March 2022</u></b>	<b>149.78</b>	<b>149.78</b>
<b><u>Accumulated Depreciation and impairment</u></b>		
<b><u>At 1st April 2020</u></b>	<b>40.41</b>	<b>40.41</b>
Depreciation charge for the year	40.41	40.41
Impairment	-	-
Disposals/Adjustments	-	-
<b><u>At 31st March 2021</u></b>	<b>80.82</b>	<b>80.82</b>
Depreciation charge for the year	39.04	39.04
Impairment	-	-
Disposals/Adjustments	-	-
<b><u>At 31st March 2022</u></b>	<b>119.86</b>	<b>119.86</b>
<b><u>Net book value</u></b>		
<b><u>At 31st March 2022</u></b>	<b>29.92</b>	<b>29.92</b>
<b><u>At 31st March 2021</u></b>	<b>71.31</b>	<b>71.31</b>

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022

5. Other Intangible Assets

(₹ in Lakhs)

Particulars	Computer Software	Freight Sharing Right	Total
<b>At Cost or deemed cost</b>			
<b>At 1st April 2020</b>	<b>0.01</b>	<b>73,725.96</b>	<b>73,725.97</b>
Addition during the year	0.21	-	0.21
Disposal/Adjustments	-	-	-
<b>At 31st March 2021</b>	<b>0.22</b>	<b>73,725.96</b>	<b>73,726.18</b>
Addition during the year	-	55,907.22	55,907.22
Disposal/Adjustments	-	-	-
<b>At 31st March 2022</b>	<b>0.22</b>	<b>129,633.18</b>	<b>129,633.40</b>
<b>Amortisation and Impairment</b>			
<b>At 1st April 2020</b>	<b>-</b>	<b>9,475.72</b>	<b>9,475.72</b>
Amortisation	0.03	3,642.24	3,642.27
Disposal/Adjustments	-	-	-
<b>At 31st March 2021</b>	<b>0.03</b>	<b>13,117.96</b>	<b>13,117.99</b>
Amortisation	0.07	5,389.89	5,389.96
Disposal/Adjustments	-	-	-
<b>At 31st March 2022</b>	<b>0.10</b>	<b>18,507.85</b>	<b>18,507.95</b>
<b>Net book value</b>			
<b>At 31st March 2022</b>	<b>0.12</b>	<b>111,125.33</b>	<b>111,125.45</b>
<b>At 31st March 2021</b>	<b>0.19</b>	<b>60,608.00</b>	<b>60,608.19</b>

- 5.1 Amortisation on other intangible assets included in note 26 Depreciation & Amortisation.
- 5.2 The addition in the above intangible assets as advised by executing agency for the doubling work is on the basis of estimated project expenditure as advised by executing agency. Addition is made on provisional figure pending finalization of bills. Amortisation on additions to assets by executing agency, from its own sources or out of material supplied by company where exact date of addition is not advised by WR, is charged for half of the year.
- 5.3 Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets



**KUTCH RAILWAY COMPANY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS ENDED 31ST MARCH, 2022**  
**6. Intangible Assets under Development**

(₹ in Lakhs)

Particulars	2020-21		2021-22	
	As at 1st April 2020	Net Additions/ Deduction	As at 31st March 2021	Net Additions/ Deduction/ As at 31st March 2022
Bhildi Running Room	358.42	-	358.42	20.37
Intermediate Block Section	653.47	-	653.47	-
Data Logger	61.61	-	61.61	35.58
PNU-SIOB Doubling	122,653.97	71,777.60	194,431.57	-1,500.74
AT Weld -ADEN-GIM & RDHP	256.78	-	256.78	-
Radhanpur RCC Overhead Tank	7.09	-	7.09	20.61
Residence for ADSTE-RDHP	9.75	-	9.75	3.05
Strengthening of Bridges	286.05	-	286.05	-12.19
Track Fitting Renewal	1,107.05	-	1,107.05	408.84
Track Renewal Work	304.69	-	304.69	19.01
Through Weld Renewal & related work	112.19	-	112.19	-
Deep Screening	-	-	-	1,360.37
Additional Water Way	-	-	-	4,010.21
Bankability Study	11.95	-	11.95	-
Laying of OFC	474.08	-	474.08	21.45
Improvement of Platforms at Santalpur & Adesar	-	-	-	3.34
Construction of RUB/LHS	-	-	-	-
Improvement Of Quarters	-	-	-	29.03
Deep Borewell Bhildi	15.51	-	15.51	-
PNU-SIOB Doubling Survey	125.96	-	125.96	-
<b>Total</b>	<b>126,438.56</b>	<b>71,777.60</b>	<b>198,216.16</b>	<b>4,418.93</b>

**6.1** Western Railways has not provided the provisional details about the works being carried out by them as on 31 March, 2022, therefore the same has not been accounted for as on 31st March 2022.

**6.2** Western Railway has given the estimate of Rs 2125.00 lakhs for elimination of 30 unmaned level crossings and expenditure of Rs 1304.72 Lakhs has been incurred for which company has deposited Rs 1385 lakhs which has been shown as capital advances, since this liability is disputed the same has not been provided in Intangible Assets Under Development.



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**6.3 Intangible Assets under development ageing schedule-**

As on 31st March,2022

(Rs. in Lakhs)

Intangible assets under development	Amount in Inatangible Assets under devdlopment for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	43,665.08	77,157.44	39,655.68	42,156.88	202,635.09

**Intangible Assets under development ageing schedule-**

As on 31st March,2021

(Rs. in Lakhs)

Intangible assets under development	Amount in Inatangible Assets under devdlopment for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	81,342.84	39,655.68	43,684.37	33,533.28	198,216.16

**6.4 For Intangible assets under development, whose cost has exceeded its cost compared to its original plan:**

As on 31st March,2022

(Rs. in Lakhs)

Intangible assets under development	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Palanpur-Samakhiali Doubling Project*	202,635.09	-	-	-	-

\* there is no project whose completion is overdue, the project reported above due to cost overrun. Original cost of project was ₹ 1,54,866 lakhs which is revised to ₹ 2,86,716 due to additional work of ₹ 4,853 Lakhs, increase in scope of work, price variation, change in royalty fees of State Govt of Gujarat and implication of GST.

**6.5 Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. During the F.Y 2021-22 interest cost of amounting Rs 3708.01 lakhs (F.Y 2020-21 Rs 63.99 lakhs) has been capitalized as part of cost of assets.**



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**7. Financial Assets- Others**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Considered Good : Secured</b>		
Fixed Deposit with remaining maturity of more than 12 months	500.00	-
<b>Considered Good : Unsecured At Amortised Cost</b>		
Security Deposits	1.56	15.15
<b>Total</b>	<b>501.56</b>	<b>15.15</b>

**8. Other non-current assets**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>a) Capital Advances</b>		
Unsecured, considered good Advances for various project expenditure	10,716.94	15,872.27
<b>b) Others</b>		
Prepaid Rent *	-	0.60
<b>Total</b>	<b>10,716.94</b>	<b>15,872.87</b>

\* It represents unamortised portion of the difference between the fair value of financial assets on initial recognition and expenditure incurred

**9. Financial Assets - Current**

**9.1. Cash and Cash equivalent**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Cash in hand	0.19	0.09
<b>Balances with banks:</b>		
– On current accounts	3.28	0.36
Deposits with original maturity of 3 months or less	137.00	-
<b>Total</b>	<b>140.47</b>	<b>0.45</b>

**9.2. Bank Balances other than Cash and Cash equivalent**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Other Bank Balances</b>		
Fixed Deposits under Debt Service Reserve Account	3,365.68	1,100.00
Balance in Escrow Account	621.51	286.04
Balance in Dividend Account	0.21	0.05
Balance in CSR Account	33.01	-
<b>Total</b>	<b>4,020.41</b>	<b>1,386.09</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

- 9.2.1** The Amount lying in Escrow Account can be used by company in compliance with terms of Loan Agreement.
- 9.2.2** Deposits under the Debt Service Reserve Account is maintain of an amount equivalent to sum required for meeting ensuing two quarters debt service obligations i.e. the repayment of the principal amounts of the Loans and payment of interest on the Loans of the Senior Lenders.
- 9.2.3** The amount lying in CSR Account represents balance for Ongoing projects undertaken by company during the year.

**9.3. Other Current Financial Assets** (₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Fixed Deposits with original maturity of more than 12 months	2,000.00	-
<b>Considered Good : Unsecured At Amortised Cost</b>		
Security Deposits	14.65	-
<b>Other Receivables</b>		
Employee Advances	4.38	0.36
Interest Accrued but not due on FD	56.53	-
<b>Total</b>	<b>2,075.56</b>	<b>0.36</b>

**10. Current Tax Asset/(Current Tax Liabilities)** (₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Current Tax Asset</b>		
Income Tax refundable	97.00	94.02
Advance Tax & TDS	3,712.60	3,537.75
Less:- Provision for Income Tax	(2,700.31)	(3,750.01)
<b>Total</b>	<b>1,109.29</b>	<b>(118.24)</b>

**11. Other Current Assets** (₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Others</b>		
Prepaid Expenses	77.86	82.02
Prepaid Rent *	0.60	0.90
Other Advances	12.05	4.33
<b>Total</b>	<b>90.51</b>	<b>87.25</b>

\* It represents unamortised portion of the difference between the fair value of financial assets on initial recognition and expenditure incurred.



# Kutch Railway Company Limited

CIN: U45202DL2004PLC124267

## NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022

### 12. Equity Share Capital

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Authorised share capital</b>		
25,00,00,000 Equity Shares of ₹ 10 each (31st March, 2021: 25,00,00,000 Equity Share of ₹ 10 each,	25,000.00	25,000.00
	<b>25,000.00</b>	<b>25,000.00</b>
<b>Issued, Subscribed and Paid up Capital</b>		
25,00,00,000 Equity Shares of ₹ 10 each (31st March, 2021; 25,00,00,000 Equity Share of ₹ 10 each (Includes 2,73,50,100 Shares issued for consideration other than cash & 5,00,00,000 bonus shares)	25,000.00	25,000.00
	<b>25,000.00</b>	<b>25,000.00</b>

#### (a) Reconciliation of the number of equity shares and share capital

Particulars	As at 31st March 2022		As at 31st March 2021	
	No of shares (in Lakhs)	Amount (in Lakhs)	No of shares (in Lakhs)	Amount (in Lakhs)
Issued/Subscribed and Paid up equity Capital outstanding at the beginning of the year	2,500.00	25,000.00	2,500.00	25,000.00
Add: Shares Issued during the year	-	-	-	-
<b>Issued/Subscribed and Paid up equity Capital outstanding at the end of the year</b>	<b>2,500.00</b>	<b>25,000.00</b>	<b>2,500.00</b>	<b>25,000.00</b>

#### (b) Details of Shares held by each shareholder holding more than 5% shares in the company

Name of the shareholder	As at 31st March 2021		As at 31st March 2020	
	No of shares (in Lakhs)	% holding in the class	No of shares (in Lakhs)	% holding in the class
1. Rail Vikas Nigam Limited	1,250.00	50.00	1,250.00	50.00
2. Kandla Port Trust	650.00	26.00	650.00	26.00
3. Adani Port & SEZ Ltd.	500.00	20.00	500.00	20.00
<b>Total</b>	<b>2,400.00</b>	<b>96.00</b>	<b>2,400.00</b>	<b>96.00</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022****(c) Terms & Right attached to equity shares**

The company has only one class of equity shares having par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share and also to dividends in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distributing all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(d) Aggregate number of equity shares issued as fully paid by way of bonus during the period of five years immediately preceding the reporting date**

Particulars	As at	As at	As at	As at	As at
	31 March 2022	31 March 2021	31 March 2020	31 March 2019	31 March 2018
	No in lakhs	No in lakhs	No in lakhs	No in lakhs	No in lakhs
Equity shares issued as bonus	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**(e) Details of Promoter's Shareholding-**

Name of Promoter	As at 31st March 2022			As at 31st March 2021		
	No. of Shares (in lakhs)	% of total shares	% change during the year	No. of Shares (in lakhs)	% of total shares	% change during the year
Rail Vikas Nigam Limited	1,250.00	50.00	-	1,250.00	50.00	-
Kandla Port Trust	650.00	26.00	-	650.00	26.00	-
Adani Port & SEZ Ltd.	500.00	20.00	-	500.00	20.00	-
Govt of Gujarat	100.00	4.00	-	100.00	4.00	-
<b>Total</b>	<b>2,500.00</b>	<b>100.00</b>	<b>-</b>	<b>2,500.00</b>	<b>100.00</b>	<b>-</b>

**13. Other Equity**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
General Reserve	879.52	879.52
Retained Earnings	166,670.71	154,933.11
<b>Total</b>	<b>167,550.23</b>	<b>155,812.63</b>

**13.1 General Reserve**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Opening Balance	879.52	879.52
Add: Transfer from statement of profit and loss	-	-
<b>Closing Balance</b>	<b>879.52</b>	<b>879.52</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**13.2 Retained Earnings**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Opening Balance	154,933.11	134,674.79
Add :- Prior Period Adjustments*	-	1,252.15
Add: Profit during the year transfer from statement of profit & loss	13,743.75	22,501.67
Other comprehensive income arising from Remeasurement of defined benefit obligation net of income tax	(6.15)	4.50
Interim Dividend	(500.00)	(1,000.00)
Payment of dividend on equity shares	(1,500.00)	(2,500.00)
<b>Closing Balance</b>	<b>166,670.71</b>	<b>154,933.11</b>

\* Restated Refer Note:-61

**Nature and Purpose of Other Reserves:**

**(a) Retained Earnings**

Retained Earnings represents the undistributed profits of the Company.

**(b) General Reserve**

General Reserve represents the statutory reserves, this is in accordance with Corporate Law wherein apportion of profit is apportioned to General Reserve. Under Companies Act, 2013, the transfer of any amount to General Reserve is at the discretion of the Company.

**Distributions Made and Proposed**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b><u>Cash dividend on Equity shares declared and paid</u></b>		
INR 0.60 per share (FY 2020-21: INR 1.00 per share for the F.Y 2019-20)	1,500.00	2,500.00
Interim Dividend paid during 2021-22: INR 0.20 per share (FY 2020-21: INR 0.40 per share)	500.00	1,000.00
	<b>2,000.00</b>	<b>3,500.00</b>
<b><u>Proposed Dividend on Equity shares</u></b>		
INR Nil per share (31 March 2021: INR 0.60 per share)	-	1,500.00
	<b>-</b>	<b>1,500.00</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022****14. Financial Liabilities-Non Current****14.1 Borrowings**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Secured- At Amortised Cost</b>		
Term Loans		
-From Banks	91,340.28	27,615.16
	<b>91,340.28</b>	<b>27,615.16</b>

**14.1.1 Summary of borrowing arrangement**

- (i) The Palanpur-Gandhidham line was converted to broad-gauge in 2006, and currently serves two major Indian ports viz. Kandla Port and Mundra Port. It also connects the various industries (cement, salt and fertilizer) of Kutch region to their hinterlands. The line would also connect the area to the upcoming Western Railway to dedicated freight corridor as an important feeder line. In order to augment the capacity of the line significantly and handle future traffic growth, the said project needs doubling and electrification and accordingly an Addendum dated 26.10.2020 to Concession Agreement was entered into between the MoR and the Company herein, by virtue of which it was agreed that the Company to undertake (i) Doubling & Electrification of Railway line between Palanpur-samakhiali section measuring about 248 Km & (ii) Electrification of down line between Samakhiali and Gandhidham section measuring about 53 Km. in the state of Gujarat (hereinafter referred to as the "Project"). Total Cost of the project was estimated Rs 2,93,000/- Lakhs.
- (ii) A Term Loan of Rs. 1,00,000 Lakhs has been taken by the company from the PNB against the project cost of Rs. 2,93,000 Lakhs under the common Loan agreement, out of which Rs. 66,225.12 Lakhs has been disbursed by the Bank during the F.Y 2021-22. (Previous Year Rs. 27,615.16/- Lakhs)

**14.1.2 Terms of security for loan are as follows:**

The Secured Obligations shall, to the satisfaction of the Secured Parties, do hereby hypothecate, assigns by way of security, charges and assures unto the Lender on exclusive charge basis (subject to the provisions of the Concession Agreement), the following:-

- a) first charge in a form and manner satisfactory to the Lender by way of hypothecation over all Goods / Assets created out of the Loan in terms of Government of India, Ministry of Railways (Railway Board) letter no. 2011/Infra/18/2 dated 05.01.2021 and without prejudice to MoR's rights under clause 9.1 and 9.2 of the Concession Agreement signed between Ministry of Railways (MoR) and Kutch Railway Company Limited/Company";;
- b) first charge over the goods/assets by way of hypothecation other than the Projects Assets, as permitted in the Concession Agreement.
- c) first Charge over the current assets including the receivables of the Borrower pertaining to the Project.
- d) first charge over the uncalled capital of the Borrower.
- e) first charge of all Project bank accounts including but not limited to the Escrow Account(s), Debt Service Reserve Account, etc.
- f) first charge by way of assignment of rights, interest and obligations of the Company in favour the Bank to the extent covered by and in accordance with the Concession Agreement
- g) first charge by way of assignment of all applicable insurance policies; The Security mentioned hereinabove shall be created in the form and manner acceptable to the Lender and within time period stipulated by the Lender. Further, the Security Interest stipulated herein above shall exclude the Project Assets (as defined in and in accordance with Concession Agreement) and shall be subject to provisions of Concession Agreement.

**14.1.3 Terms of Repayment**

The Facility have a door-to-door tenure of 12 years including construction period of 2 Year. The Facility shall be repaid in 40 (forty) structured quarterly instalments starting from 31st March 2023.



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**14.1.4 Interest Terms**

The Applicable Interest rate for 1st & 2nd year is MCLR (6.80%)+0.25% (Liquidity Premium) =7.05% p.a. with monthly resets. The interest rate shall remain fixed during the Moratorium Period of 2 years. The first interest reset date shall be after the moratorium period with automatic monthly reset thereafter, at one month MCLR on the date of reset.

**14.1.5** Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets

**14.2 Lease Liabilities**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Lease Liabilities	5.93	35.30
<b>Total</b>	<b>5.93</b>	<b>35.30</b>

**15. Provisions**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Employee Benefits		
Gratuity	-	13.35
Leave Encashment	188.83	275.09
<b>Total</b>	<b>188.83</b>	<b>288.44</b>

Note:- The provision for employee benefits includes retirement benefits of gratuity and Leave encashment , for other disclosure Refer Note No. 48

**16. Deferred Tax**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Deferred tax liability		
Property, plant & equipment and ROU other intangible assets	10,411.28	8,548.72
<b>Total deferred tax liability</b>	<b>10,411.28</b>	<b>8,548.72</b>
Deferred tax Assets		
Ind AS adjustments( Overhead Cost and Security deposit)	1,683.80	1,480.49
Employee benefit	96.90	101.61
MAT Credit Entitlement	24,610.43	21,954.14
<b>Total deferred tax asset</b>	<b>26,391.13</b>	<b>23,536.25</b>
<b>Net Deferred tax Assets</b>	<b>15,979.85</b>	<b>14,987.53</b>

In accordance with Ind AS-12- "Income Taxes" notified by Ministry of Corporate Affairs, the Company has assessed the deferred tax taking into consideration all the items, due to which there is temporary difference between the carrying amount of the assets and liabilities and their tax base as on 31.03.2022.



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022****Movement in deferred tax liability/ (asset)***(₹ in Lakhs)*

Particulars	Ind AS Adjustments (Overhaed Cost Payable and SD)	PPE & Intangible Assets and ROU	MAT	Employee Benefits	Total
<b>Opening balance as at 1st April 2020</b>	<b>(1,252.14)</b>	<b>10,050.99</b>	<b>(18,503.69)</b>	<b>(99.99)</b>	<b>(8,552.69)</b>
Charged/(credited)					
To Profit & Loss	(228.35)	(1,502.27)	(3,450.45)	(4.04)	(5,185.11)
To other comprehensive income	-	-	-	2.42	2.42
<b>Closing balance as at 31 March 2021</b>	<b>(1,480.49)</b>	<b>8,548.72</b>	<b>(21,954.14)</b>	<b>(101.61)</b>	<b>(13,735.38)</b>
Charged/(credited)					
To Profit & Loss	(203.31)	1,862.56	(2,656.29)	8.02	(989.02)
To other comprehensive income	-	-	-	(3.31)	(3.31)
<b>Closing balance as at 31st March 2022</b>	<b>(1,683.80)</b>	<b>10,411.28</b>	<b>(24,610.43)</b>	<b>(96.90)</b>	<b>(14,727.71)</b>

\* Restated Refer Note:-61

**17. Other Non current Liability***(₹ in Lakhs)*

Particulars	As at 31st March 2022	As at 31st March 2021
<b>a) Fair valuation adjustment- Financial Liabilities</b>		
Overhead Cost Payable*	22,177.75	23,800.51
<b>Total</b>	<b>22,177.75</b>	<b>23,800.51</b>

\* It represents difference between the fair value of financial liabilities (overhead Cost Payable to Railway) on initial recognition and expenditure incurred at amortised cost.

**18. Financial Liabilities - Current****18.1 Borrowings***(₹ in Lakhs)*

Particulars	As at 31st March 2022	As at 31st March 2021
Current Maturities of long term debt (Refer Note 14.1)	2,500.00	-
<b>Total</b>	<b>2,500.00</b>	<b>-</b>

**18.2 Lease Liabilities***(₹ in Lakhs)*

Particulars	As at 31st March 2022	As at 31st March 2021
Lease Liabilities	28.92	43.39
<b>Total</b>	<b>28.92</b>	<b>43.39</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**18.3 Trade Payable**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
- At Amortised Cost		
Overhead Cost Payable (WR)*	3,006.44	3,006.44
Operating and Maintenance Cost Payable (WR)	6,588.02	2,694.28
Creditors for Project Expenditure (Unsecured, unconfirmed & considered good)	973.62	793.62
Payable to Others	18.26	19.69
<b>Total</b>	<b>10,586.34</b>	<b>6,514.03</b>

(i) \*Refer Note No-14.3 & 44(b) for detail.

(ii) Trade Payable (WR) as on March 31, 2022 amounting Rs.6,588.02 Lakhs (as on March 31, 2021 amounting to Rs. 2,694.28 Lakhs) are derived after deducting/adjusting Rs 2,02,644.15 Lakhs ( as on March 31, 2021 Rs. 1,42,723.97 Lakhs) Recoverable from WR on account of Apportioned earnings as advised by WR.

(iii) Trade Payables Ageing Schedule are as follows:-

**As at 31st March 2022:**

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment#					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	3,006.44	6,810.20	-	-	769.70	<b>10,586.34</b>
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-

**As at 31st March 2021:**

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment#					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	3,006.44	2,713.97	-	-	793.62	<b>6,514.03</b>
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022****18.4 Other Financial Liabilities**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Expenses Payable	0.46	0.22
Bonus Payable	37.96	44.34
Security from suppliers	27.36	8.87
Other payables (Unsecured, Considered good)	20.00	12.46
Payable to Employees	0.19	15.92
Payable for Capital Assets	2,841.49	24,995.71
<b>Total</b>	<b>2,927.46</b>	<b>25,077.52</b>

- (i) Payable for Capital Assets includes Rs.2,186.90 Lakhs ( Rs 22,590.78 as on March 31.2021) payable to Rail Vikas Nigam Limited towards project expenditure of doubling/electrification of railway line between Palanpur-Samakhiali and Rs 3.50 Lakhs ( Rs 3.50 as on March 31.2021) on other works.
- (ii) Payable to Capital Assets includes Rs 654.40 Lakhs (Rs. 2401.43 as on March 31.2021) payable towards CORE project expenditure of Samakhiali-Gandhidham section of Railway line.

**19. Other current Liability**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Others</b>		
EPF Payable	-	5.47
Other Statutory Liabilities*	108.73	408.61
Overhead Cost Payable**	1,622.76	1,622.76
<b>Total</b>	<b>1,731.49</b>	<b>2,036.84</b>

\* Includes TDS, Professional Tax payable , GST payable

\*\* It represents difference between the fair value of financial liabilities (overhead Cost Payable to Railway) on initial recognition and expenditure incurred at amortised cost.

**20. Short Term Provisions**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Employee Benefits		
Gratuity	21.43	1.39
Leave Encashment	67.05	0.96
Provision For CSR	320.41	-
<b>Total</b>	<b>408.89</b>	<b>2.35</b>

**21. Revenue from operation**

(₹ in Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
<b>Revenue From Contracts with Customers</b>		
(Income form bulk & Container traffic (Refer Note No.-32)	83,561.98	75,608.53
Other Operating Revenue (Construction Contract Revenue under SCA (Refer Note No.-32)	60,326.16	71,777.60
<b>Total</b>	<b>143,888.14</b>	<b>147,386.13</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**21.1 :** For the year ended 31st March 2022, the company has recognized revenue of Rs. 60,326.16 Lakhs (March 31st 2021 Rs. 71,777.60 Lakhs), on construction of intangible assets under service concession arrangement.

**21.2 :** The operating income of the company is recognized as per the provisional figures advised by Western Railways for the share of revenue due to the company from the operations of goods trains. Operating revenue of earlier years in respect of operation of goods trains are accounted for in the year of advice of provisional figures by the Western railway.

**22. Other Income**

(₹ in Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
<b>Interest Income</b>		
Interest Income on Fixed Deposits (at amortised cost)	125.95	445.39
Interest on Advances to Employees	0.02	0.03
Interest on Income Tax Refund	-	91.30
<b>Other Non-operating Income</b>		
Unwinding of discount on Security Deposit	1.06	0.95
Income from reversal of deferred Overhead costs payable	1,622.76	1,622.76
Miscellaneous Income	-	38.72
Profit on sale of assets	-	-
Income from the Scrap Sale	1.81	351.79
<b>Total</b>	<b>1,751.60</b>	<b>2,550.94</b>

**23. Operation & Maintenance Expense (O&M Expenses)**

(₹ in Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Man Power Cost	28,588.12	26,784.22
Fixed Maintenance Cost	4,566.61	3,796.45
Cost of Fuel	25,438.03	20,176.03
Hiring Charges of Rolling Stock	3,070.48	3,726.83
Wagon Repair Charges	915.88	936.38
Vehicle Hire Charges	264.17	189.87
Overhead cost	1,761.45	1,595.03
Documentation Charges	14.58	12.77
Special Repair & Breaches	-	255.76
Compensation Claim	144.50	379.22
Restoration Cost	-	-
(Construction Contract Cost under SCA (Refer Note No.-32))	60,326.16	71,777.60
<b>Total</b>	<b>125,089.98</b>	<b>129,630.16</b>

**23.1** The Operation & Maintenance Cost of the company is recognized as per the provisional figures advised by Western Railways for the share of Operation & Maintenance Cost due to the company from the operations of goods trains. Operation & Maintenance Cost of earlier years in respect of operation of goods trains are accounted for in the year of advice of provisional figures by the Western railway.

**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**24. Employee Benefit and Expenses**

(₹ in Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Salaries, Wages & benefits	399.17	352.18
Contribution to PF & Other Funds	23.07	24.51
Provision for Retirement Benefits	11.18	26.98
Staff Welfare Expenses	3.25	3.28
<b>Total</b>	<b>436.67</b>	<b>406.95</b>

**25. Finance Cost**

(₹ in Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Other Borrowing Cost		
Unwinding of Discount on Overhead Cost Payable	2,204.68	2,276.24
Interest on lease liabilities	6.22	9.67
Interest on Income Tax	84.56	40.17
<b>Total</b>	<b>2,295.46</b>	<b>2,326.08</b>

**26. Depreciation and Amortization**

(₹ in Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Depreciation on Property, Plant & Equipment (Refer Note No-3)	14.28	12.53
Depreciation on Right of Use Assets (Refer Note No-4)	39.04	40.41
Amortization of intangible assets (Refer Note No-5)	5,389.97	3,642.27
<b>Total</b>	<b>5,443.29</b>	<b>3,695.21</b>

**27. Other Expenses**

(₹ in Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Professional Charges	30.87	52.14
Rent Expense	9.19	7.04
Electricity	2.14	2.00
Communication	3.01	2.85
Travelling & Conveyance	3.02	2.43
Printing & Stationery	2.30	1.93
Advertisement & Sponsorship	6.79	-
Books & periodicals	0.11	0.02
Insurance for project assets	101.61	27.73
Entertainment & business promotion	7.29	8.81
Membership & Business Subscription	1.32	1.07
Meeting and conference charges	0.01	0.04
Repairs & maintenance	2.24	1.96
Vehicle Running & Maintenance	1.91	1.88
(Auditor remuneration (refer Note -50)	6.38	6.84
Bank Charges	0.05	0.07
Loss on disposal of Fixed Assets	0.29	1.70
Miscellaneous Expenses	3.20	3.16
Corporate Social Responsibility Expenses	1,019.85	265.00
<b>Total</b>	<b>1,201.58</b>	<b>386.67</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**28 Exceptional Items**

(₹ in Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Overhead Cost Reversal*	5,648.55	7,574.57
Freight Apportion Revenue**	-1,366.27	-
<b>Total</b>	<b>4,282.28</b>	<b>7,574.57</b>

\*The Operation & Maintenance Cost of the company is recognized as per the provisional figures advised by Western Railways for the share of Operation & Maintenance Cost due to the company from the operations of goods trains. During the F.Y 2021-22, western railways has refunded excess indirect cost of Rs. 5,024.66 Lakhs charged during the FY 2016-17, 2019-20 & 2020-21 due to the change in the percentage of the general overhead and central overhead (previous year Rs. 7,574.57 lakhs charged during the FY 2018-19 & 2019-20) .Further western railway has refunded excess indirect cost of Rs. 623.89 lakhs charged in FY 2019-20 & 2020-21 during the FY 2022-23.same is reported in financial statement in accordance with Ind AS 10 as event occurred after reprotog date but before the date when the financial statements are approved:.

\*\* Apportioned freight revenue recovered for FY 2009-10 & 2010-11 for 1 1366.27 lakhs in FY 2021-22 from western railway. Refer Note-45 for Details of Demand for the year 2006-07 to 2008-09.

**29. Income tax recognised in profit and loss**

(₹ in Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
<b>Income tax:</b>		
Current income tax charge	2,700.31	3,750.01
For earlier years (net)	-	-
<b>Deferred tax:</b>		
In respect of the current year (For details Refer Note No-16)	(989.02)	(5,185.11)
<b>Total</b>	<b>1,711.29</b>	<b>-1,435.10</b>

**Reconciliation between tax expense and the accounting profit :**

(₹ in Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Accounting profit before tax from continuing operations	15,455.04	21,066.57
Applicable Tax Rate	34.944%	34.944%
Computed tax Expenses on taxable profit At India's statutory income tax rate under MAT of 17.472% (31 March 2021: 17.472%)*	5,400.61	7,361.50
Deferred tax Impact of Ind AS Adjustments	-	-14.02
Add : Effect of expenses that are not deductible	385.92	305.17
Less: Exempt Income	(4,075.24)	(9,087.75)
<b>At the effective income tax rate</b>	<b>1,711.29</b>	<b>-1,435.10</b>
Income tax expense reported in the statement of profit and loss (relating to continuing operations)	1,711.29	-1,435.10
	<b>1,711.29</b>	<b>-1,435.10</b>

\* Presently, the Company has been paying Minimum Alternate Tax (MAT) on the book profit under section 115-JB of the income Tax Act, 1961 due to availing of deductions from the taxable income under section 80-IA of the income Tax Act, 1961.

**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**30. Components of Other Comprehensive Income (OCI)**

The disaggregation of changes to OCI by each type of reserve in equity is shown below:- (₹ in Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Remeasurement of Defined benefit plans	(9.46)	6.92
Tax impact on Remeasurement of Defined benefit plans	3.31	(2.42)
<b>Total</b>	<b>(6.15)</b>	<b>4.50</b>

**31 Earnings per share (EPS)**

(₹ in Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
<b>Basic EPS</b>		
From continuing operation	5.50	9.00
From discontinuing operation		
<b>Diluted EPS</b>		
From continuing operation	5.50	9.00
From discontinuing operation		

**31.1 Basic Earning per Share**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by weighted average number of equity shares outstanding during the year

The earnings and weighted average number of equity shares used in calculation of basic earning per share:-

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Profit attributable to equity holders of the company:		
Continuing operations	13,743.75	22,501.67
Discontinuing operations		
<b>Total</b>	<b>13,743.75</b>	<b>22,501.67</b>
Weighted average number of shares for the purpose of basic earnings per share	2500.00	2,500.00

**31.2 Diluted Earning per Share**

The earnings and weighted average number of equity shares used in calculation of diluted earning per share:-

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Profit attributable to equity holders of the company:		
Continuing operations	13,743.75	22,501.67
Discontinuing operations		
Earnings used in calculation of diluted Earning Per Share from continuing operations	<b>13,743.75</b>	<b>22,501.67</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

The weighted number of equity shares for the purpose of diluted earning per share reconciles to the weighted average number of equity shares used in calculation of basic earning per share as follows: (₹ in Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Weighted average number of Equity shares used in calculation of basic earnings per share	2,500	2,500
Effect of dilution:		
Share Options	-	-
Weighted average number of Equity shares used in calculation of diluted earnings per share.	<b>2,500</b>	<b>2,500</b>

**32. Disclosure of IndAS 115 “Revenue from Contracts with Customers”**

**32.1 Service Concession arrangements**

Public-to-private service concession arrangements are recorded according to Appendix “D” Service Concession Arrangements” IND-AS-115 . Appendix “D” Service Concession Arrangements applies if:

- a) The Grantor controls or regulates which services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- b) The grantor controls- through ownership, beneficial entitlement, or otherwise- any significant residual interest in the infrastructure at the end of the term of the arrangement.

If both of the above conditions are met simultaneously, an intangible asset is recognized to the extent that the operator receives the right to charge users of the public service, provided that these charges are conditional on the degree to which the service is used.

These intangible assets are initially recognized at cost, which is understood as the fair value of the service provided plus other direct costs directly attributable to the operation. They are then amortized over the term of the concession.

\*The Kutch Railway Company Limited (Company) has entered into a Concession Agreement with Ministry of Railways (MoR), Government of India dated 8th November, 2005 in terms of which the Ministry of Railways (Grantor) has authorized the Company (Operator) to develop, finance, design, engineer, procure, construct, operate and maintain the Project Railway and to exercise and/or enjoy the rights, powers, benefits, privileges authorizations and entitlements upon its completion. In terms of the said agreement KRCL has an obligation to complete construction of the project railway and to keep the project assets in proper working condition including all projects assets whose lives have expired.

The concession is hereby granted for a period of 32 (Thirty Two) Years, commencing on the Appointed Date, or such extended period as provided for in this Agreement, unless terminated earlier.

At the end of concession period, the project assets shall be handed by KRC to MOR and KRC shall be entitled to receive and MOR shall pay to KRC an amount equal to Book Value. The Existing Assets leased to KRC by MoR shall revert back to MoR without any financial consideration.

The Concession Period of 32 years, shall be extended by an equal period of time which corresponds to the period for which material disruption of Operations and Maintenance occurred during the Concession Period.

In case of material breach in terms of the agreement the MOR and KRC both have the right to terminate the agreement if they are not able to cure the event of default in accordance with such agreement.

The Operation and Maintenance of the project railway is being conducted by MOR through Western Railway (WR) under its right, vide agreement dated 21st August, 2007, which is co-terminus with the Concession Agreement, entered into between the MoR and KRC. Further, in terms of this agreement, WR is in performance of Operation and Maintenance of Project Railway from Gandhidham to Palanpur, a total distance of 300.81 Kms and KRC is to pay O&M cost to WR.

Sections:

- (a) Gandhidham Station to Samakhiali Station measuring approximately 53.08 kms,
- (b) Samakhiali station to Bhildi Junction Station measuring approximately 202.23 kms,
- (c) Bhildi Junction Station to Palanpur Station measuring approximately 45.50 kms.



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

The Palanpur-Gandhidham line was converted to broad-gauge in 2006, and currently serves two major Indian ports viz. Kandla Port and Mundra Port. It also connects the various industries (cement, salt and fertilizer) of Kutch region to their hinterlands. The line would also connect the area to the upcoming Western Railway to dedicated freight corridor as an important feeder line.

In order to augment the capacity of the line significantly and handle future traffic growth, the said project needs doubling and electrification and accordingly an Addendum dated 26.10.2020 to Concession Agreement was entered into between the MoR and the Company herein, by virtue of which it was agreed that the Company to undertake (i) Doubling & Electrification of Railway line between Palanpur-samakhiali section measuring about 248 Km & (ii) Electrification of down line between Samakhiali and Gandhidham section measuring about 53 Km. in the state of Gujarat.

A construction Agreement has been entered between Kutch Railway Company Ltd and Rail Vikas Nigam Limited on 13.08.2018 for Palanpur-Samakhiali Doubling. However the work on this project has already started in earlier years.

For the year ended 31st March 2022, the company has recognized revenue of Rs. 1,43,888.14 Lakhs ( Rs. 1,47,386.13 Lakhs for the year 2020-21), consisting of Rs. 60,326.16 lakhs ( Rs. 71,777.60 Lakhs for the year 2020-21) on construction of intangible assets under service concession arrangement and Rs. 83,561.98 Lakhs ( Rs. 75,608.53 Lakhs for the year 2020-21) towards sharing of apportioned earnings from operation of railway line under service concession arrangement. The intangible asset under development represents the freight sharing rights under development to receive freight traffic earnings under service concession arrangement.

**32.2 Disaggregation Of Revenue**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Income form bulk & Container traffic	83,561.98	75,608.53
Construction Contract Revenue under SCA	60,326.16	71,777.60
<b>Total</b>	<b>143,888.14</b>	<b>147,386.13</b>
Particulars	As at 31st March 2022	As at 31st March 2021
Point In time	83,561.98	75,608.53
Over the Time	60,326.16	71,777.60
<b>Total</b>	<b>143,888.14</b>	<b>147,386.13</b>
<b>Contract balances</b>		
Particulars	As at 31st March 2022	As at 31st March 2021
Trade receivables	-	-
Contract assets	-	-
Contract liabilities	-	-
<b>Contract Assets</b>		
Particulars	As at 31st March 2022	As at 31st March 2021
Contract Asset at the beginning of the year	-	-
Transfer from Contract Asset to Trade Receivable and increase as a result of changes in measure of progress	-	-
Contract Asset at the end of the year	-	-
<b>Contract Liabilities</b>		
Particulars	As at 31st March 2022	As at 31st March 2021
Contract Liabilities at the beginning of the year	-	-
Transfer from Contract Liabilities to Revenue and increase as a result of changes in measure of progress	-	-
Contract Liabilities at the end of the year	-	-



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

There was no revenue recognized in the current reporting year that related to performance obligations that were satisfied in a prior year.

The aggregate value of performance obligations which are yet to be completed as at 31st March 2022 are as follows:-

Less Than 1 Year	>1Year <2year
81,316.90	

**32.3 Construction Contracts**

In terms of the disclosure required in IND AS-115 "Revenue from Contracts with Customers" the amount considered in the financial statements up to the balance sheet date are as follows:-

(₹ in Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Revenue Recognised on exchanging construction services	60,326.16	71,777.60
Aggregate amount of costs incurred and recognised	60,326.16	71,777.60

**33 Capital management**

The objective of the company is to manage its capital in a manner to ensure and safeguard their ability to continue as a going concern so that company can continue to provide maximum returns to share holders and benefit to other stake holders. Further, company manages its capital structure to make adjustments in light of changes in economic conditions and the requirements of the financial covenants.

Company has taken a Loan during the FY 2021-22 of Rs 66,225.12 Lacs (Previous Year Rs 27,615.16 Lacs) from Punjab National Bank to finance its project.

**Debt Equity Ratio :-**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Borrowings (Note No. 14)	93,840.28	27,615.16
<b>Long Term Debt</b>	<b>93,840.28</b>	<b>27,615.16</b>
<b>Cash and Cash Equivalent</b>	<b>140.47</b>	<b>0.45</b>
<b>Net Debt</b>	<b>93,699.81</b>	<b>27,614.71</b>
Equity (Note No. 12)	25,000.00	25,000.00
Other Equity (Note No. 13)	167,550.23	155,812.63
<b>Total Equity</b>	<b>192,550.23</b>	<b>180,812.63</b>
<b>Debt Equity Ratio</b>	<b>0.49</b>	<b>0.15</b>

**34 Fair Value Measurements**

(i) Financial Instruments by Category

(₹ in Lakhs)

Particulars	As at 31st March 2022			As at 31st March 2021		
	FVTPL	FVT OCI	Amortised Cost	FVTPL	FVT OCI	Amortised Cost
<b>Financial Assets</b>						
(i) Cash and cash equivalents	-	-	140.47	-	-	0.45
(ii) Bank Balances other than (i) above-	-	-	4,020.41	-	-	1,386.09
(iii) Loans	-	-	501.56	-	-	15.15
(iv) Others	-	-	2,075.56	-	-	0.36
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>6,738.00</b>	<b>-</b>	<b>-</b>	<b>1,402.05</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**Financial Liabilities**

(i) Trade Payables	-	-	34,626.58	-	-	31,487.89
(ii) Other financial liabilities	-	-	2,962.31	-	-	25,156.21
(iii) Borrowings	-	-	93,840.28	-	-	27,615.16
<b>Total Financial Liabilities</b>	-	-	<b>131,429.17</b>	-	-	<b>84,259.26</b>

- (ii) Fair value of financial assets and liabilities that are not measured at fair value (but fair value disclosure are required) (₹ in Lakhs)

Particulars	As at 31st March 2022		As at 31st March 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>				
Security Deposit	14.65	14.65	13.59	9.64
<b>Total Financial Assets</b>	<b>14.65</b>	<b>14.65</b>	<b>13.59</b>	<b>9.64</b>
<b>Financial Liabilities</b>				
Over Head Cost Payables	27,046.68	28,638.31	27,980.30	29,716.02
Borrowings	93,840.28	93,840.28	27,615.16	27,615.16
Lease Liabilities	34.85	34.57	78.69	78.69
<b>Total Financial Liabilities</b>	<b>120,921.81</b>	<b>122,513.16</b>	<b>55,674.15</b>	<b>57,409.87</b>

- i) The carrying amounts of cash and cash equivalents and other short term receivables and other financial liabilities are considered to the same as their fair values, due to short term nature.
- ii) The fair value of overhead cost payables to railways under service concession arrangement were calculated based on discounted cash flows using interest rate of loans. They are classified as level 3 fair values in fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.
- iii) The fair value of Lease liabilities were calculated based on discounted cash flows using interest rate of loans. .

**Fair Value hierarchy as on 31st March, 2022**

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Financial assets at Amortized Cost				
Security Deposits	-	-	14.65	14.65
	-	-	<b>14.65</b>	<b>14.65</b>

**Fair Value hierarchy as on 31st March, 2021**

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Financial Assets at Amortised Cost				
Over Head Cost Payable	-	-	9.64	9.64
	-	-	<b>9.64</b>	<b>9.64</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**Fair Value hierarchy as on 31st March, 2022**

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Liabilities</b>				
Financial Liabilities at Amortized Cost				
Over Head Cost Payable	-	-	28,638.31	28,638.31
Borrowings	-	-	93,840.28	93,840.28
Lease Liabilities	-	-	34.57	34.57
	-	-	<b>122,513.16</b>	<b>122,513.16</b>

**Fair Value hierarchy as on 31st March, 2021**

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Liabilities</b>				
Financial Liabilities at Amortised Cost				
Over Head Cost Payable	-	-	29,716.02	29,716.02
Borrowings	-	-	27,615.16	27,615.16
Lease Liabilities	-	-	78.69	78.69
	-	-	<b>57,409.87</b>	<b>57,409.87</b>

**Financial risk management**

The Company's principal financial liabilities comprises trade and other payables. The main purpose of these financial liabilities is to finance the company's operations and to provide guarantees to support its operation. The Company's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations. The Company is expose to market risk, credit risk and liquidity risk. The company financial risk activities are governed by appropriated policies and procedures and that financial risk are identified, measured and managed in accordance with the companies policies and risk objectives. The board of directors reviews and agrees policies for managing each of these risk, which are summarised below:-

**a) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market prices. Market risk comprises Interest rate risk. Financial instruments affected by market risk includes deposits and other non derivative financial instruments.

**b) Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of change in market interest rate. The company exposure to the risk of changes in market interest rate relates primarily to the investment of surplus fund into bank deposits and Term Loan from Banks. The interest rate shall remain fixed during the Moratorium Period of 2 years. The company manages its interest risk in accordance with the companies policies and risk objective.

**c) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The company is exposed to credit risk from its financial activities including deposits with banks, financial institutions and other financial instruments.

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Exposure of Credit Risk</b>		
Cash and cash equivalents	140.47	0.45
Other Bank Balances	4,020.41	1,386.09
Other Financial Assets	2,577.12	15.51
	<b>6,738.00</b>	<b>1,402.05</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022****d) Liquidity risk**

Ultimate responsibility for liquidity risk management rest with the board of directors the company manages maintaining adequate banking facilities by continuously monitoring forecast and actual cash flows and by matching the maturities of financial liabilities.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31st March 2022 and 31st March 2021 : (₹ in Lakhs)

Particulars	As at 31st March 2022		
	Less than 1 Year	1-2 years	2 Years and above
Borrowing	2,500.00	10,000.00	81,340.28
Trade Payables	10,718.21	3,138.31	39,751.89
Lease Liabilities	30.92	1.58	5.71
Other Financial Liabilities	2,927.46	-	-
	<b>16,176.59</b>	<b>13,139.89</b>	<b>1,21,097.88</b>

  

Particulars	As At 31-03-2021		
	Less than 1 Year	1-2 years	2 Years and above
<b>Borrowing</b>	-	2,500.00	25,115.16
<b>Trade Payables</b>	6,645.90	3,138.31	42,890.20
<b>Lease Liabilities</b>	49.81	32.25	7.30
<b>Other Financial Liabilities</b>	25,077.52	-	793.62
	<b>31,773.23</b>	<b>5,670.56</b>	<b>68,806.28</b>

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed in accordance with the companies policy. Investment of surplus are made only with approved counterparty on the basis of the financial quotes received from the counterparty.

**35. Key sources of estimation uncertainty**

The followings are the key assumptions concerning the future, and the key sources of estimation uncertainty at the end of the reporting year that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities with next financial year.

**a) Fair valuation measurement and valuation process**

The fair values of financial assets and financial liabilities is measured the valuation techniques including the DCF model. The inputs to these method are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See "Note-34" for further disclosures.

**b) Useful life of Property, plant & equipment**

As described in Note 2.6 - Property, plant & equipment ,company has estimated useful life of Property, plant & equipment. The financial impact of the above assessment may impact the depreciation expense in subsequent financial years.

**c) Useful life of Intangible Assets**

As described in Note 2.7(b) - Intangible Assets other than freight Sharing right ,company has estimated useful life of computer software. The financial impact of the above assessment may impact the amortisation expense in subsequent financial years.

**d) Defined benefit plan**

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ form actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

term nature, a defined obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bodies in currencies consistent with the currencies of the post-employment benefit obligation.

**e) Taxes**

Deferred tax assets are recognised for unused tax losses to the extent it is probable that taxable profit will be available against which tax assets can be utilized. Significant management judgement is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profit together with future tax planning strategies.

**f) Revenue Recognition**

The Company recognizes revenue for a performance obligation satisfied over time after reasonably estimating its progress towards complete satisfaction of the performance obligation.

**g) Estimation of uncertainties relating to the global health pandemic from COVID-19 ( COVID-19)**

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and investments in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

**36. Lease Disclosures**

(i) The Company has lease contracts for its office Buildings.

**(ii) Right of Use Assets**

The carrying amounts of right-of-use assets recognised and the movements during the year are disclosed in Note 4.

**(iii) Lease Liabilities**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Opening Balance as to the beginning of the year</b>	78.69	118.71
Additions/adjustments during the year	-2.35	-
Interest recognised during the year	6.22	9.67
Payment made during the year/total cash outflow for the leases	47.71	49.69
<b>Closing Balance as on the end of the year</b>	<b>34.85</b>	<b>78.69</b>
<b>Current</b>	28.92	43.39
<b>Non-current</b>	5.93	35.30

(iv) The details of the Contractual Maturities of the Lease Liabilities as at 31st March 2022 and 31st March 2021 on undiscounted basis are as follows:

<b>As at 31st March 2022</b>			
Particulars	Less than 1 Year	1-2 years	2 years and above
Lease Liabilities	30.92	1.58	5.71

(₹ in Lakhs)

<b>As at 31st March 2021</b>			
Particulars	Less than 1 Year	1-2 years	2 years and above
Lease Liabilities	49.81	32.25	7.30

**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**(v) Amounts recognised in Statement of Profit and Loss** (₹ in Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Depreciation expense of right-of-use assets (Refer Note 26)	39.04	40.41
Interest expense on lease liabilities (Refer Note 25)	6.22	9.67
	<b>45.26</b>	<b>50.08</b>

Gain/loss from sale and leaseback transactions is not applicable to the Company.

- (vi) Western Railway (lessor) has leased all the existing assets as per concession agreement and the land to be newly acquired with all rights, easements for the project to the company (lessee) for the duration of concession agreement. i.e. 32 years from November 8, 2005.

Company shall pay to the lessor, an annual lease rental of Rs.0.01 lakh p.a. payable in advance in the first week of January every year. Upon expiry, the Company is required to hand over the leased assets to Ministry of Railways free from all encumbrances whatsoever. If the concession period is extended/renewed beyond concession period, the lease agreement shall also to be extended/renewed at terms to be mutually decided by the parties.

The Company has taken lease assets from Ministry of Railways under non-cancellable operating lease.

Future minimum rentals payable under non-cancellable leases are as follows: (₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Within one year	0.01	0.01
After one year but not more than five years	0.04	0.04
More than five years	0.11	0.12
	<b>0.16</b>	<b>0.17</b>

Payments recognised as an expense in the period:- (₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Minimum lease payments	0.01	0.01



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**37. Capital Commitments**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
(a) Estimated cost of deposit work contract (Palanpur Gandhidham Gauge Conversion Project) (as per revised estimate received from Western Railway dt. 08.03.2010)	53,059.00	53,059.00
Less; Amount incurred till 31.03.2022	-49,897.21	-49,897.21
<b>Balance</b>	<b>3,161.79</b>	<b>3,161.79</b>
(a) Estimated Cost for construction of new Running Room at Bhildi (as per estimate received from Western Railway dt. 20.01.2011 & 30.05.2012 total amount was Rs. 403 lakhs. However, total amount incurred as per WR advise till 31.03.2018 is Rs. 358.41 lakhs). Advance given till 31.03.2022 is Rs.355 lakhs	403.00	403.00
Less; Amount incurred till 31.03.2018, in absence of advise from Western Railway for the FY. 2018-19	(378.78)	(358.41)
<b>Balance</b>	<b>24.22</b>	<b>44.59</b>
(b) Revised estimated cost of Project of doubling of Palanpur – Samakhjali Section of Railway Line work (as per estimate received from Rail Vikas Nigam Ltd. (RVNL) dt. 17.04.2020)	286,716.00	253,801.93
Less; Amount incurred till 31.03.2022	(228,478.66)	(193,832.63)
Less; Advance paid till 31.03.2022	(3,792.26)	(5,015.72)
<b>Balance</b>	<b>54,445.08</b>	<b>54,953.58</b>
(c) Estimated cost of Project of electrification of Palanpur – Samakhjali Section of Railway Line work (as per estimate received from Rail Vikas Nigam Ltd. (RVNL) dt. 29.07.19) (Estimated Cost may raised to 75,500 but board resolution is not yet passed for same).	65,502.00	65,502.00
Less; Amount incurred till 31.03.2022	(42,422.44)	(29,377.24)
Less; Advance paid till 31.03.2022	(1,494.75)	(1,379.22)
<b>Balance</b>	<b>21,584.81</b>	<b>34,745.54</b>
(d) Estimated cost of Project of electrification of Samakhjali- Gandhidham Section of Railway Line work (as per estimate received from CORE dt. 17.06.2021)	9,767.00	9,767.00
Less; Amount incurred till 31.03.2022 *(Advance paid to CORE Rs. 8667.00 lakhs till F.Y 2021-22, Rs 5600.00 Lakhs till FY 2020-21)	(9,321.40)	(8,001.43)
<b>Balance</b>	<b>445.60</b>	<b>1,765.57</b>
(e) Estimated Cost of Other Projects	20,315.03	20,315.03
Less; Amount incurred till 31.03.2022, in respect of Advice received from Western Railway for the FY. 2021-22	(3,288.25)	(3,288.25)
Less; Advance paid till 31.03.2022	(5,429.92)	(9,477.33)
<b>Balance</b>	<b>11,596.86</b>	<b>7,549.45</b>
<b>Total estimated amount of contract, remaining to be executed on capital account and not provided for in the accounts as on 31.03.2022.</b>	<b>88,096.57</b>	<b>99,058.73</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**38. Related Party Disclosures**

**38.1 Related Parties held equity of company**

Name of Party	Relationship	As at 31 March, 2022		As at 31 March, 2021	
		Number of shares held	% holding in that class of shares	Number of shares held	% holding that class of shares
Rail Vikas Nigam Limited	Shareholder	1,250.00	50.00%	1,250.00	50.00%
Kandla Port Trust	Shareholder	650.00	26.00%	650.00	26.00%
Adani Ports & SEZ Ltd	Shareholder	500.00	20.00%	500.00	20.00%
Govt of Gujarat	Shareholder	100.00	4.00%	100.00	4.00%
Ministry of Railways (Western Railway)	Holding 100 % share capital of RVNL				
		<b>2,500.00</b>	<b>100.00%</b>	<b>2,500.00</b>	<b>100.00%</b>

**38.2 Key Managerial personnel of the entity**

Name	Position
Sushant Kr. Mishra (upto 01.09.2021)	Chairman
Vijay Anand (w.e.f. 21.08.2019)	Managing Director
Deepak Arora (w.e.f 22.03.2021)	Director
Nandeesh Shukla (w.e.f 18.09.2020)	Director
M P Singh (w.e.f. 20.03.2020)	Director
Dr. Rajinder Kr. Malik (upto 06.12.2021)	Director
Jaya Verma Sinha (w.e.f. 01.09.2021)	Director
Ajit Singh (w.e.f. 01.09.2021)	Director
Ajit Kumar Panda (w.e.f. 06.12.2021)	Director
Bhagyanath Balakrishnan (w.e.f. 17.02.2022)	Director
Rajendra Vara Prasad Rao Govada (w.e.f. 17.02.2022)	Director
Sajal Mittra	Director
Dinesh Chandra Pandey	Director
Joginder Singh Mahrok (upto 01.09.2021)	Director
Unmesh Madhusudan Abhyankar	Director
Meenu Dang	Director
Sanjeev Sharma	Company Secretary
Lt. Ankur Rastogi (upto 19.06.2021)	CFO
Gyanendra Srivastava (w.e.f. 01.09.2021)	CFO

**38.3 Enterprises over which Key Managerial personnel are able to exercise significant influence.**

Kutch Railway Company Limited Employee Group Gratuity Trust.



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**38.4 Disclosure of transaction with related parties:**

**(i) Joint Venturer:**

(₹ in Lakhs)

Particulars	Transactions	
	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>RVNL</b>		
a (i) Amount paid in advance for the Project of doubling of Railway Line between Palanpur - Samakhali (Amount incurred up to 31.03.2022 Rs. 2,28,475.65 Lakhs (up to 31.03.2021 Rs. 1,93,832.62 Lakhs))	46,084.01	32,529.11
(ii) Outstanding Amount Payable/ (Receivable)	4,055.06	15,496.35
(iii) Project Expenditure	34,642.72	47,242.05
b (i) Amount paid in advance for the Project of electrification of Railway Line between Palanpur - Samakhali (Amount incurred up to 31.03.2022 Rs. 42412.38 Lakhs (up to 31.03.2021 Rs. 29377.24 Lakhs))	22,001.05	10,482.80
Project Expenditure	13,035.15	20,566.20
(iii) Outstanding Amount Payable/ (Receivable)	-1,871.46	7,094.44
c Amount paid in advance for the Project of CORE (Amount incurred up to 31.03.2022 Rs.1319.97 (up to 31.03.2021 Rs.5254.84))	654.4	2,401.43
d. Rail Vikas Nigam Limited	3.49	3.49
e. Payment of Final Dividend-		
(i) Rail Vikas Nigam Limited	750.00	1,250.00
(ii) Adani Port	300.00	500.00
(iii) Deen Dayal port	390.00	650.00
(iv) Govt. of Gujarat	60.00	100.00
Interim Dividend-		
(i) Rail Vikas Nigam Limited	250.00	500.00
(ii) Adani Port	100.00	200.00
(iii) Deen Dayal port	130.00	260.00
(iv) Govt. of Gujarat	20.00	40.00

**(ii) Ministry of Railways (Western Railway) :**

Particulars	Transactions	
	For the year ended 31st March 2022	For the year ended 31st March 2021
Revenue from Operations	83,561.98	75,608.53
Operations & maintenance expense	64,499.65	57,662.69
Constuction Contract Cost under SCA	60,326.16	71,777.60
Overhead Cost Payment during the year	3,138.31	3,138.31
Outstanding Amount (Payable)/ Receivable	(52,616.53)	(51,861.09)

**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022****(iii) Kutch Railway Company Limited Employee Group Gratuity Trust.***(₹ in Lakhs)*

Particulars	Transactions	
	For the year ended 31st March 2022	For the year ended 31st March 2021
Contribution made	11.80	7.91
Others (Audit Fee)	0.18	0.18
Outstanding Amount (Payable)/ Receivable	-	-

The amount outstanding are unsecured and will be settled in future. There have been no guarantees provided or received for any related party receivable or payable.

**38.5 Compensation of key management personnel:**

The remuneration of directors and other members of key management personnel during the year was as follows:  
*(₹ in Lakhs)*

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Short-term benefits	202.35	137.71
Post-employment benefits	-	-
Other long-term benefits	47.69	147.94
	<b>250.04</b>	<b>285.65</b>

**39 Income Tax**

The Company has filed Income Tax Returns up to Assessment Year 2021-22 and assessment completed up to Assessment Year 2019-20.

The Company is eligible for tax holiday under Section 80-IA of the Income Tax Act, 1961. As per the provisions of this Section the deduction of an amount equal to 100 percent of the profits and gains derived from the business of Infrastructure Development for 10 consequent assessment years out of 15 years beginning from the year in which the undertaking or the enterprise develops and begins to operate any infrastructure facility. The Company has started claiming deduction under this Section from the financial year 2012-13.

**40 All receivables including advances and payables are subject to confirmation, reconciliation and consequential adjustments, if any.**

The Company has a system of obtaining periodical written confirmation from its suppliers to identify Micro Enterprises & Small Enterprises. Based on such identification the Company makes provision for unpaid dues under Section 16 of Micro, Small & Medium Enterprises Development Act, 2006 & its disclosure required under Section 22 of the said Act. The amount due to Micro Enterprises & Small Enterprises for more than 45 days is Nil (Previous Year Nil).

**41 Contingent liability**

- i) One of the former employees Mr. Devendra Singh on deputation from Indian Railways has filed a writ petition on 22.07.2010 against the Company in respect of dues on account of difference in pay scales. The impact of the same has not been quantified in the writ.
- ii) During the financial year 2014-15, Company received a show cause notice from the Director General of Central Excise Intelligence, regarding the liability of Service Tax of Rs. 21,359 Lakhs and interest and penalty thereon. The Company has not accepted the liability and has submitted its reply to the Show Cause Notice on 06.01.2015. A personal hearing has also been held in this regard on 21.09.2015 before the Principal Commissioner of Service Tax, Delhi-I. A similar statement of demand cum show cause notice has also been received for F. Yr. 2014-15 on 05.04.2016 in which a demand of Rs.8,207 Lakhs has been raised. It has also been replied on 24.05.2016. For F.Y. 2015-16, 2016-17, 2017-18 (upto 30.06.2017), the statement of demand cum show cause notice in which a total demand of Rs. 21165.83 Lakhs cum show cause notice was served on 22.03.2018, which was replied on 18.05.2018.



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

- iii) Western Railway has carried out the work of elimination of 30 level crossings by converting them into mannad or by construction of RUB/LHS against the estimate of Rs. 2125 Lakhs. Rs. 1385 Lakhs has been deposited by the company towards this work till 31-03-2022. For elimination of unmanned level crossing, Railway Board has issued instructions that the cost shall be borne by Railways, Whereas WR is of opinion that this amount should be borne by SPV/Company. Accordingly Company has requested to WR to refund the amount of Rs. 1385 Lakhs paid to WR towards elimination of unmand level crossing.
- iv) As per the Construction Agreement for Palanpur-Samakhiali doubling, there is a provision for contingencies of 0.5% as mentioned in estimated project cost.

**42 Impairment of Assets**

On the basis of review, the management is of the opinion that the economic performance of non financial assets of the Company is not lower than expected and therefore there is no impairment of any assets as on the Balance Sheet date.

- 43 (i) In terms of Memorandum of Understanding (MOU) executed on 3rd January, 2004 amongst Ministry of Railways (MOR), Govt. of Gujarat (GOG), Kandla Port Trust (KPT) and Adani Ports & SEZ Ltd. (Mundra Port), the Company has been entrusted with the project of conversion of rail link between Gandhidham and Palanpur from Meter Gauge to Broad Gauge.
- (ii) The Company has got the project work of Palanpur-Gandhidham gauge conversion through Western Railways (WR) as deposit work. The Western Railways has been the executing agency for the deposit works contracts executed in respect of the project as per MOU & the Construction Agreement was executed with Western Railway on 06<sup>th</sup> October 2005.
- 44 a) The Operation & Maintenance Agreement provides for a Joint Procedure Order to be prepared by WR & Company, which has been finalized and signed on 12 December 2019 and contains computation of Operation and Maintenance cost and apportioned earnings. However, the figures have been accounted for as advised by WR based on calculation as decided in the Operation & Maintenance Agreement.
- b) Up To F.Y 2015-16, the Operation & Maintenance cost includes deferred expenses on account of overhead (i.e. salary for RPF, Accounts, Medical & Personnel and corresponding retirement benefits-DCRG, Pension, Leave salary etc.) which are not payable to WR as it is deferred for the first ten years of operation of the line and the same shall be payable by Company over a period of 20 years commencing from the 11th year of operation, in terms of clause 3.1.5 of the Operation & Maintenance Agreement.

**45 Carried Route and Booked Route**

Since the financial year i.e. 2013-14, Western Railway has computed Company's share of apportioned earnings on the basis of 'carried route' instead of 'booked route'. Accordingly, apportioned earnings have been reduced by Rs. 3,875.09 Lakhs for the Year ending 31.03.2020. The Company has contested against this method of calculation of apportioned earnings at various levels in Railways. The approximate amount of Rs.2550.00 Lakhs may be deducted by on this account for earlier financial years (from 2006-07 to 2008-09). The same has been estimated as follows:-

Financial Year	Loaded Trains (no.)	Approx deduction in Apportioned Earning on the basis of No. of loaded trains (in Lakhs ₹)	NTKM (Lakhs)	Approx. deduction in Apportioned Earnings on the basis NTKM (in Lakhs ₹)
2006-07	3166	500.00	1,345.00	500.00
2007-08	6617	1,100.00	21,229.00	800.00
2008-09	7696	1,200.00	24,842.00	1,000.00
<b>Total</b>		<b>2,800.00</b>		<b>2,300.00</b>

The average amount of both of above methods works out to be Rs.2550.00 Lakhs (approx.). The impact of the same will be reduction in Reserves and Sundry Debtors by Rs.2550.00 Lakhs (approx.) in the subsequent years as and when advised by the Western Railway. Further Demands for the year from 2009-10 onwards has been claimed by WR on the subject and recorded by the Company in statement of profit and loss in the year of claim but no demand has been raised for the year 2006-07 to 2008-09 which is not provided for in the books.

**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**46** The project of Gauge Conversion work completed by WR has been duly capitalized under different heads of Property, Plant and Equipment on the basis of advices received from WR on year to year basis. Besides that the Company has also supplied material to WR to the tune of Rs.11,997.00 Lakhs for completion of project (capitalized under other Intangible assets / Permanent Way) which is subject to verification and reconciliation with WR.

An amount of Rs. 442.18 Lakhs is also outstanding as on 31st March 2022 to WR for the project work which is also subject to verification and reconciliation with WR.

**47 In terms of the MOU:**

- (i) The land, station buildings, Meter Gauge formation, bridges and all other existing assets of the Meter Gauge system will continue to be the property of MOR, and the assets so created or built or constructed by the Company shall be owned by the Company.
- (ii) MOR shall be responsible for the operations and maintenance of the broad gauge rail link between Gandhidham and Palanpur, for which it shall be fully compensated by the Company in accordance of agreement dated 21<sup>st</sup> August 2007.
- (iii) MOR shall collect earnings from the traffic originating and terminating or passing through this line, and apportion to the Company its due share after defraying the operation and maintenance cost.

**48 Retirement Benefits**

The summarized position of Post-employment benefits and long term employee benefits recognized in the statement of Profit & Loss and Balance Sheet are under:-

**(a) Change in the present value of the obligation**

(₹ in Lakhs)

Particulars	As at 31.3.2022		As at 31.3.2021	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Present value of obligation	107.10	276.04	103.93	269.25
Interest Cost	7.18	18.49	6.70	17.77
Past Service Cost	-	-	-	-
Current service cost	8.02	23.53	11.33	18.15
Benefits paid	(20.00)	(22.31)	(7.91)	(7.97)
Actuarial loss/(gain) on obligations	9.27	(39.87)	(6.95)	(21.16)
<b>Closing Present value of obligation</b>	<b>111.57</b>	<b>255.88</b>	<b>107.10</b>	<b>276.04</b>

**(b) Change in present value of plan asset**

(₹ in Lakhs)

Particulars	As at 31.3.2022		As at 31.3.2021	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Fair value of plan assets	92.36	NIL	87.03	NIL
Expected return on plan assets	6.19	NIL	5.82	NIL
Employers contribution	11.78	NIL	7.71	NIL
Benefits paid	(20.00)	NIL	(8.18)	NIL
Actuarial (loss)/gain on obligations	(0.18)	NIL	(0.03)	NIL
<b>Closing Fair value of plan assets</b>	<b>90.14</b>	<b>NIL</b>	<b>92.36</b>	<b>NIL</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**c) Fair Value of Plan Assets**

(₹ in Lakhs)

Particulars	As at 31.3.2022		As at 31.3.2021	
	Gratuity	Leave	Gratuity	Leave
	(Funded)	Encashment (Unfunded)	(Funded)	Encashment (Unfunded)
Opening Fair value of plan assets	92.36	NIL	87.03	NIL
Actual Return on Plan Assets	6.00	NIL	5.79	NIL
Contribution	11.78	NIL	7.70	NIL
Benefits Paid	(20.00)	NIL	(8.17)	NIL
Fair value of plan assets at the end of the year	90.14	NIL	92.36	NIL
Closing Present value of obligation	111.57	NIL	107.10	276.04
Funded Status	(21.43)	NIL	(14.74)	(276.04)

**(d) Amount recognized in balance sheet**

(₹ in Lakhs)

Particulars	As at 31.3.2022		As at 31.3.2021	
	Gratuity	Leave	Gratuity	Leave
	(Funded)	Encashment (Unfunded)	(Funded)	Encashment (Unfunded)
Estimated present value of obligations at end of the year	111.57	255.88	107.10	276.04
Fair value of plan assets at the end of year	90.14	-	92.36	-
Funded Status	(21.43)	(255.88)	(14.74)	(276.04)
Net liability recognized in balance sheet	<b>21.43</b>	<b>255.88</b>	<b>14.74</b>	<b>276.04</b>

**(e) Expense recognized in the statement of Profit & Loss Account**

(₹ in Lakhs)

Particulars	As at 31.3.2022		As at 31.3.2021	
	Gratuity	Leave	Gratuity	Leave
	(Funded)	Encashment (Unfunded)	(Funded)	Encashment (Unfunded)
Past service cost	-	-	-	-
Current service cost	8.02	23.53	11.33	18.15
Interest Cost	0.99	18.49	0.88	17.77
Actuarial Gain and loss	-	-39.87	-	(21.16)
Total expenses recognized in Profit & Loss Account	<b>9.01</b>	<b>2.15</b>	<b>12.22</b>	<b>14.76</b>

**(f) Remeasurement recognized in other comprehensive income (Gain)/loss**

(₹ in Lakhs)

Particulars	As at 31.3.2022		As at 31.3.2021	
	Gratuity	Leave	Gratuity	Leave
	(Funded)	Encashment (Unfunded)	(Funded)	Encashment (Unfunded)
Remeasurements of plan assets	0.18	-	0.03	-
Remeasurements of Obligation	9.27	-	(6.95)	-
Total (gain)/loss recognized in other comprehensive income	<b>9.46</b>	<b>-</b>	<b>(6.92)</b>	<b>-</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**(g) Bifurcation of PBO at the end of year in current and non current.**

(₹ in Lakhs)

Particulars	As at 31.3.2022		As at 31.3.2021	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Current liability (Amount due within one year)	23.42	67.05	5.34	0.96
Non-Current liability (Amount due over one year)	88.15	188.83	101.76	275.09
<b>Total PBO at the end of year</b>	<b>111.57</b>	<b>255.88</b>	<b>107.10</b>	<b>276.04</b>

**(h) Expected contribution for the next Annual reporting period.**

(₹ in Lakhs)

Particulars	As at 31.3.2022	
	Gratuity (Funded)	Leave Encashment (Unfunded)
Service Cost	9.19	17.22
Net Interest Cost	2.1	18.32
<b>Expected Expense for the next annual reporting period</b>	<b>11.29</b>	<b>35.54</b>

**(i) Principal actuarial assumption as expressed as weighted average**

Particulars	As at 31.3.2022		As at 31.3.2021	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Discount rate	7.16%	7.16%	6.70%	6.70%
Expected rate of salary increase	10%	10%	10.00%	10.00%
Method used	Projected Unit Credit (PUC)			

**(j) Sensitivity analysis:**

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the statement of financial position.

Change in	Change in assumptions	Effect on Gratuity obligation	Effect on Leave Encashment
Discount Rate	+0.50%	-3.71	-9.61
	-0.50%	3.97	10.34
Salary Growth Rate	+0.50%	1.58	10.01
	-0.50%	-1.61	-9.41



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**(k) Maturity Profile of Defined Benefit Obligation**

(₹ in Lakhs)

S.No	Year	Gratuity	Leave encashment
a)	0 to 1 Year	23.42	67.05
b)	1 to 2 Year	4.53	13.57
c)	2 to 3 Year	8.78	9.57
d)	3 to 4 Year	4.13	9.12
e)	4 to 5 Year	14.89	26.12
f)	5 to 6 Year	11.14	23.41
g)	6 Year onwards	44.68	107.03

**(l) Major Categories of Plan Assets -**

Particulars	31.03.2022	31.03.2021
a) Government of India Securities	-	-
b) State Government securities	-	-
c) High Quality Corporate Bonds	-	-
d) Equity Shares of listed companies	-	-
e) Property	-	-
f) Funds Managed by Insurer	100%	100%
g) Bank Balance	-	-

**49. Corporate Social Responsibility**

(₹ in Lakhs)

Year	Amount Required to Spend	Amount Spent	Unspent as on 31st March 2022
<b>FY 2021-22</b>			
- Relate to FY 2021-22	307.00	19.60	287.40
- upto FY 2020-21	712.84	679.83	33.01
<b>Total</b>	<b>1,019.84</b>	<b>699.43</b>	<b>320.41</b>
<b>FY 2020-21</b>			
- Relate to FY 2020-21	332.36	-	332.36
- upto FY 2019-20	645.47	265.00	380.47
<b>Total</b>	<b>977.83</b>	<b>265.00</b>	<b>712.83</b>

Includes Rs. 8.93 lakhs spent on the CSR Activities related to the Ongoing Projects for which payment has been made during the F.Y. 2022-23 from the separate CSR Account.

**(a) Amount approved by the Board to be spent during the year:**

(₹ in Lakhs)

Year	Year ended 31.03.2022	Year ended 31.03.2021
<b>Amount approved by the Board to be spent during the year</b>	1,019.84	977.83
<b>Total</b>	<b>1,019.84</b>	<b>977.83</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

(b) Details of Amount spent during the year is as follow: (₹ in Lakhs)

Particulars	In cash	Yet to be paid in cash	Total
<b>For the Year ended 31st March 2022</b>			
(i) Construction/Acquisition of any Asset			
(ii) On purpose other than (i) above			
a) Contribution to four funds as mentioned in Schedule VII of the Companies Act, 2013	569.44	-	<b>569.44</b>
b) Environment Sustainability	39.10	-	<b>39.10</b>
c) Promoting Education	66.15	-	<b>66.15</b>
d) Health and Hygiene	24.74	-	<b>24.74</b>
<b>Total</b>	<b>699.43</b>	<b>-</b>	<b>699.43</b>
<b>For the Year ended 31st March 2021</b>			
(i) Construction/Acquisition of any Asset	-	-	-
(ii) On purpose other than (i) above	-	-	-
a) Contribution to four funds as mentioned in Schedule VII of the Companies Act, 2013	-	-	-
b) Various COVID-19 expenditure and contribution towards PM CARES Fund	265.00	-	<b>265.00</b>
<b>Total</b>	<b>265.00</b>	<b>-</b>	<b>265.00</b>

(c) Amount equivalent to Rs.329.34 lakhs (Previous Year: Rs. 143.91 Lakhs) is transferred in Separate Bank Account (CSR Unspent A/c), which pertains to Ongoing Projects.

(d) Amount Non spent is related to the Ongoing Projects. Details of the same are given below.

**Details of ongoing project and other than ongoing project** (₹ in Lakhs)

Opening Balance		As on 31st March 2022 (Ongoing Projects)				
		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
0.00	143.41	307.00	10.67	110.40		329.34

\*Includes Rs. 8.93 lakhs for which payment has been made during the F.Y. 2022-23 from the separate CSR Account (₹ in Lakhs)

Opening Balance		As on 31st March 2021 (Ongoing Projects)				
		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
76.05	-	372.36	265.00	-	-	143.61



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

e) Amount related to the Other than Ongoing Projects are as follows:

(₹ in Lakhs)

Opening Balance	Unspent Amount Other than Ongoing Projects at 31st March 2022			
	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	-	-	-

(₹ in Lakhs)

Opening Balance	Unspent Amount Other than Ongoing Projects at 31st March 2021			
	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	569.43	-	-	-

Rs. 237.07 Lakhs (on 27.09.2021) and 332.36 Lakhs (on 21.09.2021)

**Details of the ongoing Projects along with (Name of the Project, State, starting year, Amount etc.)**

Name of the Project	Agency	State	Amount in Lakhs
Integrated children's welfare project (free coaching classes)	Ramakrishna Yuvak Mandal	Bhuj, Gujarat	8.94
Distribution of free ration kits to widows and destitute	Ramakrishna Yuvak Mandal	Bhuj, Gujarat	4.50
Mobile medical van Project	Ramakrishna Yuvak Mandal	Bhuj, Gujarat	43.92
Mobile medical van Project	Ramakrishna Math Mandal	Rajkot, Gujarat	42.92
Construction of computer centre	Shri Ramakrishna Ashram	Rajkot, Gujarat	102.60
Mobile medical unit	Shri Ramakrishna Ashram	Rajkot, Gujarat	42.92
Providing Quality Education to Govt Schools	Smile Foundation	Palanpur, Gujarat	33.01
Mobile medical van	Shri Ramakrishna Kendra	Adipur, Gujarat	41.60
			<b>320.41</b>

Unspent amount related to the ongoing Projects as on 31st March 2022 has been transferred in the Punjab National Bank Account No:- 2164002100012470 related to FY 2020-21 amounting Rs.33.01 Lakhs and Punjab National Bank Account No-2164002100012504 related to Current FY 2021-22 amounting Rs.287.40 lakhs by the Company.

(e) **Movement in Provisions for CSR as on 31st March 2022**

(₹ in Lakhs)

Opening Balance	Provision made during the year	Payment made during the year	Closing balance
-	320.41	0	320.41

**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

**50 Payment to the Auditors**

Payment to the Auditors comprises of the following: (₹ in Lakhs)

Particulars	Year ended 31st March 2022	Year ended 31st March 2021
Auditor*	4.60	4.60
Auditor ( Earlier years)	0.13	0.60
For taxation matters *	0.70	0.60
For company law matters	-	-
For other services *	-	0.10
GST	0.95	0.94
For reimbursement of expenses	-	-
<b>Total</b>	<b>6.38</b>	<b>6.84</b>

\* Excluding GST

**51 Resurfacing \replacement Cost**

As Per Ind-AS 115 The operator (Kutch Railway) may have contractual obligations, it must fulfil as a condition of its license (a) to maintain the infrastructure to a specified level of serviceability or (b) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service arrangement. These contractual obligations to maintain or restore infrastructure, except for any upgrade element shall be recognised and measured in accordance with Ind AS 37 Provision, i.e. at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period.

In terms of Concession agreement, there is an obligation on the Company to keep the project assets in working condition, including replacement, as per laid down standards of MOR, for project assets, whose codal lives expire during the concession period. Accordingly, Company is required to provide for, in respect of replacement obligations arising during the remaining concession period as per requirement of the Ind AS 115 for best estimate of expenditure required to settle obligation. Company has make an assessment in respect of its project assets and their respective codal lives. The company is of the opinion that the codal lives of most of the assets are over the concession period. At present reliable estimate for restoration obligation is not available, therefore provision for same is not provided in financial statements, the same will be provided in the year in which reliable estimate becomes available .

**52 Application of IndAS on material items**

The Prior Period Items and changes in accounting polices are applied retrospectively on account of materiality only in line with the provisions of Indian Accounting Standards.

**53 Operating Segment Reporting**

Operating segment are reported in the manner consistent with the internal reporting provided to chief operating decision maker(CODM). CODM has identified only one operating segment, hence no separate disclosure are required

**54** During the Financial year 2017-18 Goods and Service Tax(GST) has subsumed the Service Tax with effect from 1st July 2017. The Company has maintained same stand , as was taken in the matter of Service Tax, with respect to applicability of the taxes on the share of the freight received by the company from Indian Railways and the operation & maintainance cost recovered by Railways from the company . The company is of the view that no supply is involved by the company to Railway and visa-versa in sharing of freight revenue & cost by Railways with the company. Therefore there are no GSt obligations on the company in respect of sharing of the freight revenue & cost by Railway with the Company including furnishing of the particulars/Details for the same. However ,Ministry of Railways has taken up the issue with Finance Ministry for issuing clarification/exemption.

**55** Expenses incurred by RVNL on behalf of the Company on Samakhiali-Palanpur doubling projects are being accounted for based on advice of RVNL without verification thereof for the year ending 31st March 2022. Discrepancies if any pointed out by consultant after verification of the same are subject to confirmation from RVNL and adjustment in Books accordingly.



**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

- 56** Advances given to Western Railway for Capital expenditure has been reconciled during the year in respect of to the extent advice received from Western Railways.
- 57** On the basis of review of Depreciation methods, useful lives and residual values of Property, Plant & Equipment and Intangible Assets, the management is of the opinion that there is no change in the Depreciation methods, useful lives and residual values of Property, Plant & Equipment and Intangible Assets.
- 58 COVID-19 impacts on the Financial statements** The turbulence in the financial markets due to the COVID-19 pandemic has not materially impacted the Company's financial statements at year ended 2022. The Company currently does not expect material changes to the profitability of future business plans which could impact recoverability of assets such as deferred tax assets and intangible assets. Risk assessment on the business plans is carried out on a regular basis and an impairment review will be performed if conditions suggest that such assets may be impaired.
- 59 Disclosures pursuant to amendment in Schedule III of the Companies Act 2013:**
- The MCA vide notification dated 23rd March 2021 has amended Schedule III to the Companies Act, 2013 in respect of certain disclosures which are applicable from 1st April 2021. The Company has incorporated the changes as per the said amendment in the financial statements and below disclosures are made in compliance of the said amendment :
- (i) The Company has no transactions with companies struck off under section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the period.
  - (ii) The Company has not traded or invested in Crypto Currency or Virtual Currency during the period.
  - (iii) The Company do not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.
  - (iv) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
  - (v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
    - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
    - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
  - (vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
    - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
    - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
  - (vii) The Company does not have any loans and advances in the nature of loans to promoters, directors, KMP and other related parties.
  - (viii) The Company does not have any transaction which is not recorded in the books of accounts that has been subsequently surrendered or disclosed as income during the year as part of the on going tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
  - (ix) The Company has not been declared as wilful defaulter by any bank or financial institution or government or any government authority.
  - (x) The Company has complied with the number of layers prescribed under the Companies Act, 2013.
  - (xi) The Company do not have any title deeds of immovable properties not held in name of the company.
  - (xii) The Company does not have any investment property.
  - (xiii) Company is not required to submit statement of current assets with the bank and therefore reconciliation of the statement filed by the company with bank and the books of accounts is not applicable.
  - (xiv) The Company has not revalued any item of property, plant and equipment and Intangible Assets.

**NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2022**

- (xv) The Company does not have any transactions where the company has not used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date
- (xvi) The Company have not entered into any scheme(s) of arrangements during the financial year.
- (xvii) The following accounting ratios are disclosed:

Particulars	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for Variance
Current ratio	Current Assets	Current Liabilities	0.41	0.04	837.48%	Company has received the one installment of the loan in the March 2022. Due to this the Bank Balances was increased as at 31st march 2022.
Debt-equity ratio	Total Debt	Shareholder's Equity	0.49	0.15	219.10%	Due to increase in the loan during the year.
Debt service coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	5.11	230.45	-97.78%	Due to the decrease in the Profit as a result of increase in the Operating Cost during the Current financial year
Return on equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	0.07	0.13	-44.16%	Due to the decrease in the Profit as a result of increase in the Operating Cost during the Current financial year
Inventory turnover ratio	Cost of goods sold	Average Inventory	NA			
Trade receivables turnover ratio	Sales	Average Trade Receivable	NA			
Trade payable turnover ratio	Purchases	Average Trade Payables	1.96	1.53	27.70%	Due to the Increase in the Operating Cost during the Current financial year
Net capital turnover ratio	Sales	Working Capital	-7.78	-2.34	232.36%	Company has received the one installment of the loan in the March 2022. Due to this the Bank Balances was increased as at 31st march 2022.
Net profit ratio	Net Profit	Sales	0.16	0.30	-44.73%	Due to the decrease in the Profit as a result of increase in the Operating Cost during the Current financial year
Return on capital employed	Earnings before interest and taxes	Capital Employed	-0.15	-0.30	-51.16%	Due to the decrease in the Profit as a result of increase in the Operating Cost during the Current financial year
Return on investment	Interest Income	Investment	0.02	0.32	-94.11%	ROI is not annualised



## Kutch Railway Company Limited

CIN: U45202DL2004PLC124267

- 60 Previous year's figures are reclassified / regrouped to confirm and make them comparable with those of the current year. Following are the details of the regrouping done in financial statement:

Particular	Reprted in Previous year	Reported in Current year
Payable to RVNL	Creditors for Capital Expenditure	Other Financial Liability- Payable to RVNL
Other Pyables	Other Financial Liabilities- other payables	Trade Payables - Payable to others
Advance for CORE	Creditors for Capital Expenditure	Other Financial Liability- Other Payable

### 61 Prior Period Adjustments

Nature of Error	Omission in the Recording of the Deferred tax on the Ind AS Adjustment

(₹ in Lakhs)

Particulars	Amount
<b>Opening Retained Earning as on 01.04.2020</b>	134,674.79
Add :- Deferred tax impact of earlier years on Ind AS Adjustments	1,252.15
<b>Restated Opening Retained Earning as on 01.04.2020</b>	<b>135,926.94</b>
Audited Profit and loss account for year ended 2020-21	22,273.32
Add :- Deferred tax impact of F.Y 2020-21 on Ind AS Adjustments	228.35
<b>Restated Opening Profit and loss account of the F.Y 2020-21</b>	<b>22,501.67</b>

### Impact on the Balance sheet items of the Prior Period Error

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Assets</b>		
Deferred tax Assets	1,480.49	1,252.14
Total	<b>1,480.49</b>	<b>1,252.14</b>
<b>Liabilities</b>		
Other Equity	1,480.49	1,252.14
Total	<b>1,480.49</b>	<b>1,252.14</b>

Particulars	Impact
Impact on the EPS for the F.Y 2020-21	Decrease by 0.09 per share

Impact of Prior Period Adjustment is not material on opening financial statements and accordingly the third balance sheet has not been presented.

### 62. Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on 02.09.2022